

# **SCHEDULE A**

## **FINAL ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF MADIBENG LOCAL MUNICIPALITY**



**FINAL ANNUAL BUDGET OF**  
**MADIBENG LOCAL**  
**MUNICIPALITY**



**2020/21 TO 2022/23**  
**FINAL MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	Litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

Honourable Speaker of Council-Clr. Ntshabele, Honourable Single Whip of Council- Clr. Makgabo, Honourable Chairperson of Municipal Public Accounts-Clr. Diale, Members of the Mayoral Committee, Councillors; Administrator and your team, The Acting Accounting Officer Mr. Neo Maape and your team, Entire Officials of the Municipality, All protocol observed

#### **INTRODUCTION**

Honourable Speaker, this meeting is taking place at a critical time when the world is responding to the outbreak of COVID-19. We need to applaud national Government for stringent measures put in place to control the spread of the virus. The declaration of the state of national disaster followed by the national lockdown are the two key measures government employed to deal with the spread. Our Provincial Government has done a splendid work going around the province ensuring that necessary measures are put in place to reduce the spread and assist in flattening the curve. We have been doing our part as the Municipality guided by the District Joint Operations (JOC) Centre and the Bojanala District Command Council

Speaker, we responded to the call by the President that Municipalities should be considerate to the homeless by establishing shelters for the Homeless and the Municipality through the Office of the Executive Mayor identified and availed the Primindia Hall for such. The centre started operating on 15 April and the numbers of homeless people varies daily. We wish to thank all the donors who supplied and are continuing to supply the centre with all necessities to sustaining it and to ensure that our vulnerable members of the community are well taken care of and are not exposed to this invisible enemy that the entire world is fighting against.

Honourable Speaker, Madibeng has seen a rise in numbers of positive COVID-19 cases.

The stats as confirmed on the 29<sup>th</sup> of June 2020 are at 192 and may we recognise that these numbers increases on a daily basis. I wish to call upon our people to join hands in the fight to flatten the curve. Let us all follow the necessary precautions and stay safe. The protocols of washing our hands regularly, keeping a social distance of at least one and a half meters away from the next person, wearing our masks all the time when in the public and not travelling for no apparent reason should be our new normal. Hence our budget this year delayed and it was publicised on local newspapers, website, social media platforms, municipal satellite office and the Madibeng FM.

#### **BACKGROUND**

Hon Speaker, in accordance with Section 16 of the Municipal Finance Management Act, 56 of 2003, the council must for each financial year approve annual budget for the municipality before the start of the financial year. As The Executive Mayor of the municipality, it is my legislative obligation to table the annual budget in a Council Sitting, at least 90 days before the start of the new budget year. Section 23 further requires that the tabled budget adopted by Council be public

participated to solicit views of Local Community, National Treasury, Provincial Treasury and any other organ of state who made submissions to the budget. The MFMA Section 17(1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which municipalities are required to present their budget. Furthermore, the compilation of this budget is based on the municipality's Integrated Development Plan (IDP) priority weighing and the National and Provincial government priorities.

## **BUDGET**

The proposed budget of Madibeng Local municipality for the 2020/21 financial year totals R 2.7 billion, comprising of R 2.4 billion Operating Expenditure and R 281.4 million for Capital expenditure. The total budget remains at R2.7billion when compared with the 2019/20 Original Budget and has increased by R 41 million or 3% compared with the 2019/20 Adjustment Budget.

Total operating revenue has grown by 7 per cent or R152 million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 6 and 7 per cent respectively, equating to a total revenue growth of R140 and 155 million respectively over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R2.4 billion and translates into a budgeted deficit of R404 million. When compared to the 2019/20 Adjustments Budget, operational expenditure has grown by 4 per cent in the 2020/21 budget and by 4 and 3 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years steadily decreases to R375 million and 309 million.

The capital budget of R281 million for 2020/21 is 5 per cent less when compared to the 2019/20 Adjustment Budget. The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable.

## **Operating Revenue Framework**

For Madibeng Local Municipality to continue improving the quality of services provided to its communities it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs, poverty, and rising number of unemployment. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The economic situation of the country has not improved since the previous financial year and now has worsened by the lockdown. Therefore, we are reminded as it was communicated in MFMA



Circular No. 89 that weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

The proposed tariff increases from various sector departments were also considered.

- NERSA allowed for tariff increases of 8.1% and for Madibeng Local Municipality was approved at 6.22%
- Consumer Price Index (CPI) of 4.9 percent which was proposed by Madibeng and the national approved at 4.5%;
- Rand-Water tariff increase at 6.6% and;
- City of Tshwane Tariff increase at 6%
- We have received only two written comments from the Provincial Treasury and Annemarie Smalberger

It should be noted that NERSA has previously advised that the municipality should not increase the tariff of Electricity for domestic consumers because the municipal tariff is high than the acceptable norm

Also due to the increase of markets values in our current financial year in comparison to our previous financial year, considering the provision of section 52(1) of the Municipal property rates act we have decided to decrease our property rates tariffs by 10% (ten percent), taking into consideration that on average property market values increased by 32 percent and tariffs for 2019/20 remained the same as the previous financial year.

This reduction in property rates tariffs will be supplemented by other tariffs that will remain the same and those that will be reviewed upwards.

The total operating revenue budget for 2020/21 financial year amount to R 2.047 billion and it has grown by R 138.6 million or 7% when compared with the 2019/20 Adjustment Budget and by R 218.6 million or 11% compared with the 2019/20 Approved Budget.

The collection rate for the past eight months billing against the receipts is above 75% and provision for doubtful debts is 25%. The 2020/21 Operating Revenue projections take in to consideration the past eight-month's performance and the audited performance

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 50% of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totaled R1.091 billion or 57 per cent. This increases to R1.119 billion, R1.668 billion and R1.225 billion in the respective financial years of the MTREF.

Property rates is the third largest revenue source totaling 18 per cent or R369 million and increases to R387 million by 2021/22.

The second largest sources is Electricity Sales revenue' totaling 23% or R469 million and increases to R 486 million by 2021/22. Other Revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R699.2 million in the 2019/20 financial year and steadily increases to R778 million by 2020/21, which makes it the largest revenue source.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Ladies and gentlemen, this is an overview of the plan that the municipality has developed for the financial year 2020/2021. It is up to us both as politicians and as officials, that we must do our outmost best and be men and women of integrity and have the conviction within ourselves to implement as per the allocations and to ensure that this budget serves and addresses the needs of our people as envisaged.

We expect our officials to perform their duties to best of their abilities and we shall also be expected to discharge our role of oversight with the outmost respect so that we restore the dignity of this municipality.

Let us continue to be vigilant and encourage those in our communities who are in a position of paying their services to continue doing so, the municipality needs every cent at this juncture so that we can be able to continue rendering services to our communities.

It must also be noted and applauded that after a long time, the Municipality is able to provide its community with clean drinkable running water. We therefore encourage our people to continue paying for their services at any easy pay facilities and the Municipal Offices.

## **In Conclusion**

An impression has been created that we are corrupt, yet I can stand here that since the Municipality was put under Administration, there has never been any political interference or otherwise. The Administrator and his team were allowed their space to operate in what was to be the best interest of Madibeng and we are yet to receive report with any allegations. For the past twelve months, no report has been received that I as the Political Head of this institution was involved in anything illegal.

I previously resisted suggestions by legal experts and local government practitioners to interdict the Administration and even though not everything went well I still restrained myself for the interest of the Municipality and the people of Madibeng who are the ultimate owners of Madibeng.

With my background of recruiting government officials, I still refused to question the selection processes of Administrator and his team. If I was approached to be an administrator or even a team member of any municipality in South African I would have refused without any due process. And for the sake of the people who elected this council we restrained ourselves to object to such a flawed process. We however wish the administration team well in their future endeavours as for us the councillors we are here elected by due processes of the constitution of the Republic to serve the community.

Hon. Speaker, I therefore present the budget to the august house.

I THANK YOU!!!

I recommend that the Council approves and adopts the following resolutions:

## 1.2 Final Council Resolutions

1. That cognisance be taken:
  - 1.1. of the contents of the report;
  - 1.2. Annexure A, the 2020/2021 Budget book;
  - 1.3. Annexure B, the 2020/2021 tariffs;
  - 1.4. Annexure C, the 2020/2021 Budget related policies;
2. That Council approves the final budget for 2020/21 Medium MTREF as contained “Annexure A”
3. That the following budget related policies is approved with the budget:
  - 3.1. Reviewed Budget Policy
  - 3.2. Reviewed Tariff Setting Policy and By- Law
  - 3.3. Reviewed Credit Control and Debt Collection Policy and By-Law.
  - 3.4. Reviewed Indigent Household Subsidy Policy
  - 3.5. Reviewed Bad Debts Write-Off Policy
  - 3.6. Reviewed Property Rates Policy & By-Law
  - 3.7. Reviewed Deposit Policy
  - 3.8. Reviewed Cost Containment Policy
  - 3.9. Reviewed Cash Management and Investment Policy
  - 3.10. Reviewed Cash Management and Investment Policy Supply Chain Policy and new tender document specimen
4. That the Final Schedule of Proposed Tariffs hereto presented as the supporting document of budget be approved for implementation on 01 July 2020.
5. That the Medium Term Revenue and Expenditure Framework for the period 2020/21 to 2022/23 be submitted to the National and Provincial Treasuries as required by MFMA.
6. That ward 24 Mashamplane road be allocated a full budget for the road in this current financial year and ward 3 be allocated 2.5m for storm water.

### 1.3 Executive Summary

The start of 2020 began with the news of the coronavirus, or COVID-19, which was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020. A pandemic is commonly defined as the worldwide spread of a new disease. This virus created much panic in the global economy with fears of a global recession. A recession generally occurs when there are two successive quarters of a decline in the gross domestic product (GDP) of a country.

The coronavirus is bound to have an impact on Chinese demand for South African commodities such as iron ore, coal and others. It will also affect other South African exports, such as agricultural goods to China and other countries. South Africa's economy needs all the help it can get right now, and there is almost nothing out there that could possibly give it a boost.

The impact of the ESKOM load shedding is bound to continue with the next 3 – 5 years, mostly due to critical planned and unplanned maintenance. The objective for the municipality during the budget planning process was to keep rates and tariffs as low as possible for its residents in this uncertain economic environment.

**The main challenges experienced during the compilation of the 2020/21 MTREF can be summarised as follows:**

- The COVID 19 effect on the economy and municipal budget priorities;
- The cost containment strategies;
- The unfunded and under- funded mandates;
- The Inter-Governmental agreements on Service Delivery provisions;
- The on-going difficulties in the national and local economy;
- Ever aging water, roads, sewage and electricity infrastructure;
- Sustainable refuse disposal;
- The need to reprioritise projects and expenditure within the existing resources;
- The cost of bulk electricity;
- Revenue recovery from cost reflective core municipal services;
- Wage increases for municipal staff that have exceeded headline consumer inflation;
- Maintaining a positive cash flow; and
- Ensuring financial sustainability.

**The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:**

- The 2019/2020 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Budget Circulars informed the upper limits for the new baselines for the 2020/21 Annual Budget;
- Service level standards were used to inform the measurable objectives, targets and any backlog eradication goals;
- Tariffs and property rates increases should aim to be affordable;
- Some price increases in the input costs of services are beyond the control of the municipality, for instance the cost of fuel, chemicals and electricity. In addition, tariffs need

to remain or move towards being cost reflective, and should take into account the need to address infrastructure maintenance and backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget, and have been gazetted as required by the annual Division of Revenue Act (DoRA);
- The following cost saving measures were applied:
  - The principle of a minimal increase in non-core general expenses unless valid motivations, such as contractual inflation adjustments dictate.
  - Municipal Cost Containment Regulations, 2019.

The following macro-economic forecasts were also considered when preparing the 2020/21 MTREF municipal budget.

### Macroeconomic performance and projections

Fiscal Year	2019/20	2020/21	2021/22	2022/23
	Estimate	Forecast		
CONSUMER PRICE INFLATION (CPI)	4.1%	4.5%	4.6%	4.6%

Source: 2020 Budget Review. :

The fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 is still in operation, therefore municipalities need to budget for their employee related costs in line with the multi-year wage agreement, and also ensure that the agreement is correctly implemented and applied as per clauses of the agreement.

Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance and Traditional Affairs (CoGTA). Any overpayment to Councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the Councillor(s) concerned.

Other matters as outlined in MFMA Circulars No. 28, 42, 51, 54, 55, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98, 99 and budget related regulation no 32141 of 17 April 2009 and Chapter 4, 7 etc. of the MFMA.

The proposed budget of Madibeng Local municipality for the 2020/21 financial year totals R 2.7 billion, comprising of R 2.4 billion Operating Expenditure and R 281.4 million for Capital expenditure. The total budget remains at 2.7 billion when compared with the 2019/20 Original Budget and has increased by R 41 million or 3% compared with the 2019/20 Adjustment Budget.

**Table 1 Consolidated Overview of the 2020/21 MTREF**

<b>Description</b>  <b>R thousands</b>	<b>Current Year 2019/20</b>		<b>2020/21 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Budget Year 2020/21</b>	<b>Budget Year +1 2021/22</b>	<b>Budget Year +2 2022/23</b>
Total Revenue	1 829 055	1 920 679	2 061 212	2 201 617	2 357 100
Total Expenditure	2 423 738	2 397 438	2 462 474	2 581 135	2 670 888
<b>Surplus/(Deficit)</b>	<b>(594 683)</b>	<b>(476 759)</b>	<b>(401 263)</b>	<b>(379 518)</b>	<b>(313 787)</b>
Capital Expenditure	281 797	300 917	281 482	327 000	335 000
<b>Total Budget</b>	<b>2 705 535</b>	<b>2 698 355</b>	<b>2 743 957</b>	<b>2 908 135</b>	<b>3 005 888</b>

Total operating revenue has grown by 7 per cent or R152 million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 6 and 7 per cent respectively, equating to a total revenue growth of R140 and 155 million respectively over the MTREF when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year has been appropriated at R2.4 billion and translates into a budgeted deficit of R404 million. When compared to the 2019/20 Adjustments Budget, operational expenditure has grown by 4 per cent in the 2020/21 budget and by 4 and 3 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years steadily decreases to R375 million and 309 million.

The capital budget of R281 million for 2020/21 is 5 per cent less when compared to the 2019/20 Adjustment Budget. The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable.

## **1.4 Operating Revenue Framework**

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

The following proposed tariff increases from various sector departments were also considered:

- NERSA allowed for tariff increases of 6.22 percent
- Consumer Price Index (CPI) of 4.5 per cent;
- Rand-Water tariff increase and;
- City of Tshwane Tariff increase.

The proposed main average tariff increases are as follows:

Description	Approved Previous Year 2018/19	Approved Current Year 2019/20	MTREF		
			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates	0.0%	0%	0%	4,6%	4,6%
Electricity	6,84%	9,41%	6.22%	4,6%	4,6%
Water	5,30%	5.2%	4,5%	4,6%	4,6%
Sewerage	5,30%	5.2%	4,5%	4,6%	4,6%
Refuse Removal	5,30%	5.2%	4,5%	4,6%	4,6%
Surcharges	5,30%	5.2%	4,5%	4,6%	4,6%
Other services	5,30%	5.2%	4,5%	4,6%	4,6%

The Madibeng Local Municipality has applied to Nersa for a 9.41% increase on electricity and Nersa approved an annual increase of 6.22% on all customer categories.

The market value of properties on our valuation roll has significantly increased as compared to our previous financial years and also taking into considering the provision of section 52(1) of the Municipal Property Rates Act, we have decided to decrease our property rates tariffs by 10% (ten percent). Our valuation roll property values increased by 32 percent as compared to previous valuation and supplementary rolls and tariffs for 2019/20 remain the same as the previous financial years. This reduction in property rates tariffs will be supplemented by other tariffs that will remain the same and those that will be reviewed upwards.

The total operating revenue budget for 2020/21 financial year amounts to R 2 061 212 billion and it has grown by R140 532 million or 7% when compared with the 2019/20 Adjustment Budget and by R 232 156 million or 11% compared with the 2019/20 Approved Budget.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>										
Property rates	269 185	257 978	250 694	270 000	350 000	350 000	319 754	369 015	387 460	406 901
Service charges - electricity revenue	447 788	426 306	389 307	475 000	475 000	475 000	407 223	469 172	486 453	509 802
Service charges - water revenue	148 307	119 525	163 035	161 600	161 600	161 600	149 582	168 860	176 966	185 460
Service charges - sanitation revenue	41 724	43 398	46 601	52 275	52 275	52 275	48 832	55 070	57 713	60 483
Service charges - refuse revenue	33 569	51 169	45 669	53 000	53 000	53 000	51 387	57 047	59 785	62 655
Rental of facilities and equipment	1 243	1 333	1 020	1 386	1 386	1 386	753	1 034	1 084	1 136
Interest earned - external investments	4 515	7 030	5 843	6 732	6 732	6 732	3 355	4 067	4 262	4 467
Interest earned - outstanding debtors	95 140	83 818	56 828	91 112	91 112	91 112	121 914	131 457	137 767	144 380
Dividends received	-	48	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 992	5 001	156	1 001	1 001	1 001	11	500	524	549
Licences and permits	6 229	6 196	6 724	2 127	2 127	2 127	111	1 199	1 257	1 317
Agency services	11 456	12 253	13 216	12 000	12 000	12 000	-	12 000	12 576	13 180
Transfers and subsidies	506 007	781 116	854 732	699 244	710 868	710 868	505 258	788 036	871 836	962 648
Other revenue	76 715	3 094	3 806	3 579	3 579	3 579	2 716	3 754	3 934	4 123
Gains	-	-	9 515	-	-	-	32	0	0	0
<b>Total Revenue</b>	<b>1 644 870</b>	<b>1 798 264</b>	<b>1 847 145</b>	<b>1 829 055</b>	<b>1 920 679</b>	<b>1 920 679</b>	<b>1 610 927</b>	<b>2 061 212</b>	<b>2 201 617</b>	<b>2 357 100</b>



**Table 3 Percentage growth in revenue by main revenue source**

Description			2020/21 Medium Term Revenue & Expenditure					
	R thousand	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23
<b>Revenue By Source</b>								
Property rates	350 000	18%	369 015	18%	387 460	18%	406 901	17%
Service charges - electricity revenue	475 000	25%	469 172	23%	486 453	22%	509 802	22%
Service charges - water revenue	161 600	8%	168 860	8%	176 966	8%	185 460	8%
Service charges - sanitation revenue	52 275	3%	55 070	3%	57 713	3%	60 483	3%
Service charges - refuse revenue	53 000	3%	57 047	3%	59 785	3%	62 655	3%
Rental of facilities and equipment	1 386	0%	1 034	0%	1 084	0%	1 136	0%
Interest earned - external investments	6 732	0%	4 067	0%	4 262	0%	4 467	0%
Interest earned - outstanding debtors	91 112	5%	131 457	6%	137 767	6%	144 380	6%
Fines, penalties and forfeits	1 001	0%	500	0%	524	0%	549	0%
Licences and permits	2 127	0%	1 199	0%	1 257	0%	1 317	0%
Agency services	12 000	1%	12 000	1%	12 576	1%	13 180	1%
Transfers and subsidies	710 868	37%	788 036	38%	871 836	40%	962 648	41%
Other revenue	3 579	0%	3 754	0%	3 934	0%	4 123	0%
<b>Total Revenue</b>	<b>1 920 679</b>	<b>100%</b>	<b>2 061 212</b>	<b>100%</b>	<b>2 201 617</b>	<b>100%</b>	<b>2 357 100</b>	<b>100%</b>
<b>Service Charges and Rates</b>	<b>1 091 875</b>	<b>57%</b>	<b>1 119 165</b>	<b>54%</b>	<b>1 168 377</b>	<b>53%</b>	<b>1 225 301</b>	<b>52%</b>

The collection rate for the past eleven months billing against the receipts is averaged at 70% and provision for doubtful debts is 30%. The 2020/21 Operating Revenue projections take in to consideration the past 11 month's performance and the audited performance.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 50% of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totaled R1.091 billion or 57 per cent. This increases to R1.119 billion, R1.668 billion and R1.225 billion in the respective financial years of the MTREF.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates is the third largest revenue source totaling 18 per cent or R369 million and increases to R387 million by 2021/22. The second largest sources is Electricity Sales revenue' totaling 23% or R469 million and increases to R 486 million by 2021/22. Other Revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R699.2 million in the 2019/20 financial year and steadily increases to R778 million by 2020/21, which makes it the largest revenue source. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>	1, 2									
<b>National Government:</b>		506 218	571 733	627 703	699 244	709 883	709 883	788 036	871 836	962 648
Local Government Equitable Share		503 048	567 442	624 943	695 606	695 606	695 606	770 767	855 477	941 140
Expanded Public Works Programme Integrated Grant		1 545	2 591	990	1 403	1 403	1 403	1 150	-	-
Local Government Financial Management Grant		1 625	1 700	1 770	2 235	2 235	2 235	2 600	2 800	3 100
Municipal Disaster Relief Grant		-	-	-	-	1 639	1 639	-	-	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	3 000
Municipal Infrastructure Grant		-	-	-	-	9 000	9 000	13 519	13 559	15 408
<b>Provincial Government:</b>		400	1 000	916	-	985	985	-	-	-
Libraries Archives and Museums		400	1 000	916	-	985	985	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	506 618	572 733	628 619	699 244	710 868	710 868	788 036	871 836	962 648

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;

- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The market value of properties on our valuation roll has significantly increased as compared to our previous financial years and also taking into considering the provision of section 52(1) of the Municipal Property Rates Act, we have decided to decrease our property rates tariffs by 10% (ten percent). Our valuation roll property values increased by 32 percent as compared to previous valuation and supplementary rolls and tariffs for 2019/20 remain the same as the previous financial years. This reduction in property rates tariffs will be supplemented by other tariffs that will remain the same and those that will be reviewed upwards.

Summary of categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year from 1 July 2020 is contained below:

**Table 5 Comparison of proposed rates to levy for the 2020/21 financial year**

Category	Current Tariff (1 July 2019)	Proposed tariff (from 1 July 2020)
	<b>C</b>	<b>C</b>
Residential properties	0,007715	0,006944
State owned properties	0,019112	0,020048
Business & Commercial	0,011033	0,011033
Agricultural	0,001929	0,001736
Vacant land	0,015987	0,015987
Industrial	0,011033	0,011033
Public benefit organisation properties	100%	100%

### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 4.5 per cent from 1 July 2020 for water is proposed and 6 kℓ water per 30-day period will be granted free of charge to all registered indigents residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS
	01-Jul-19 Rand per kℓ	01-Jul-20 Rand per kℓ
<b>RESIDENTIAL</b>		
0 – 6 kl per month	<b>10,91</b>	11,40
Above 6 – 10 kl per month	<b>13,84</b>	14,46
Above 10 – 15 kl per month	<b>19,37</b>	20,25
Above 15 – 20 kl per month	<b>20,56</b>	21,48
Above 20 – 30 kl per month	<b>22,93</b>	23,96
Above 30 – 40 kl per month	<b>24,12</b>	25,20

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling house:

**Table 7 Comparison between current water charges and increases (Domestic)**

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	411	430	19	4.5%
30	688	719	31	4.5%
40	965	1008	43	4.5%

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

Final electricity bulk price increases for 2020/21 are uncertain at this stage. Although the National Energy Regulator of South Africa (NERSA) has approved a Multi-Year Price Determination (MYPD) for the period from 1 April 2019 to 31 March 2022, Eskom has submitted an urgent application to the courts to revise the bulk tariffs allowed under the MYPD. In their most recent MYPD decision, NERSA allowed for tariff increases of 9.41 per cent in 2019/20, 8.1 per cent in 2020/21 and 5.22 per cent in 2021/22 (for national financial years).

The Madibeng Local Municipality has applied to Nersa for a 9.41% increase on electricity and Nersa approved an annual increase of **6.22%** on all customer categories.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs charges for domestic customers:

**Table 8 Comparison between current electricity charges and increases (Domestic)**

Description	Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
<b>Service Charge</b>		127,88	135,84	7,96	6.22%
<b>Single phase</b>					
1 x 10 A	100	180,1	191,30	11,20	6.22%
1 x 15 A	100	270,15	286.95	16,86	6.22%
<b>THREE PHASE</b>					
3 x 20 A	100	1 080,60	1 147.81	67,21	6.22%
3 x 30 A	100	1 620,90	1 721.72	100.82	6.22%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The municipality is currently undergoing electricity cost of supply study, which is anticipated to be complete by end of December 2020. This study when completed the municipality will have cost reflective tariffs and also it will help with the tariff dispute with some of the industrialist. The implementation of stepped tariff will be proposed through this study.

The inadequate electricity bulk capital Municipality and the impact on service delivery and development remains a challenge for the Municipality. The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 4.5 per cent for sanitation from 1 July 2020 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R57.0 million for the 20120/21 financial year.

The following table compares the current and proposed tariffs:

**Table 9 Comparison between current sanitation charges and increases**

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS
	01-Jul-19 Rand per kℓ	01-Jul-20 Rand per kℓ
<b>RESIDENTIAL</b>		
0 – 6 kℓ per month	4,07	4,25
Above 6 – 10 kℓ per month	4,80	5,02
Above 10 – 15 kℓ per month	5,67	5,92
Above 15 – 20 kℓ per month	6,69	6,99
Above 20 – 30 kℓ per month	7,89	8,25
Above 30 – 40 kℓ per month	9,31	9,73

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 10 Comparison between current sanitation charges and increases, single dwelling-houses**

Monthly sanitation	Current amount	Proposed amount	Difference
consumption	payable	payable	(4.5% increase)
kℓ	R	R	R
5	20,3	21,25	.95
10	48,0	50,02	2,2
20	133,8	139,8	6,0

### 1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributor to this deficit is contracted services and the cost of remuneration. Considering the deficit, it is recommended that the service to be insourced and the plan is that when contracts of waste removal contractors end, we do not renew but deploy our own staff.

A 4.5 per cent increase in the waste removal tariff is proposed from 1 July 2020. Higher increases will not be viable in 2020/21. Any increase higher than 4.9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2020:

**Table 11 Comparison between current waste removal fees and increases**

Description	Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
RESIDENTIAL PROPERTIES	Refuse service charge (240 L bin)	115,52	120.72	5.2	4.5%
PRIVATE DEVELOPED RESIDENTIAL	Refuse service charge per number of dwellings/flats	94,20	<b>98,43</b>	4,23	4.5%
PENSIONERS	Refuse service charge (240 L bin)	57,75	<b>60,36</b>	2,61	4.5%

### 1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 12 MBRR Table SA14 – Household bills

2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
501,52	440,40	463,74	487,86	487,86	487,86	–	487,86	510,30	530,71
1 278,80	1 310,75	1 399,88	1 472,67	1 472,67	1 472,67	6,2%	1 564,27	1 636,23	1 701,67
34,22	36,86	38,82	40,83	40,83	40,83	4,5%	42,67	44,63	46,42
278,00	299,44	315,31	331,70	331,70	331,70	4,5%	346,63	362,57	377,08
256,58	276,37	291,01	306,15	306,15	306,15	4,5%	319,92	334,64	348,02
82,40	88,75	93,46	98,32	98,32	98,32	4,5%	102,74	107,47	111,77
–	–	–	–	–	–	–	–	–	–
2 431,52	2 452,56	2 602,21	2 737,52	2 737,52	2 737,52	4,6%	2 864,09	2 995,84	3 115,67
2 431,52	2 452,56 0,9%	2 602,21 6,1%	2 737,52 5,2%	2 737,52 –	2 737,52 –	4,6%	2 864,09 4,6%	2 995,84 4,6%	3 115,67 4,0%
58,25	183,24	192,95	202,98	202,98	202,98	–	202,98	212,32	220,81
–	–	–	–	–	–	–	–	–	–
160,00	79,78	85,21	89,64	89,64	89,64	6,2%	95,22	99,60	103,58
34,22	36,86	38,82	40,83	40,83	40,83	4,5%	42,67	44,63	46,42
83,40	89,83	94,59	99,51	99,51	99,51	4,5%	103,99	108,77	113,12
117,14	126,17	132,86	139,77	139,77	139,77	4,5%	146,06	152,77	158,89
82,40	88,75	93,46	98,32	98,32	98,32	4,5%	102,74	107,47	111,77
535,41	604,64	637,88	671,05	671,05	671,05	3,4%	693,65	725,56	754,58
535,41	604,64 12,9%	637,88 5,5%	671,05 5,2%	671,05 –	671,05 –	3,4%	693,65 3,4%	725,56 4,6%	754,58 4,0%
9,79	9,30	9,79	10,30	10,30	10,30	–	10,30	10,78	11,21
–	–	–	–	–	–	–	–	–	–
77,84	79,78	85,21	89,64	89,64	89,64	6,2%	95,22	99,60	103,58
34,22	36,86	38,82	40,83	40,83	40,83	4,5%	42,67	44,63	46,42
83,40	89,83	94,59	99,51	99,51	99,51	4,5%	103,99	108,77	113,12
117,14	126,17	132,86	139,77	139,77	139,77	4,5%	146,06	152,77	158,89
82,40	88,75	93,46	98,32	98,32	98,32	4,5%	102,74	107,47	111,77
–	–	–	–	–	–	–	–	–	–
404,79	430,70	454,73	478,37	478,37	478,37	4,7%	500,98	524,02	544,98
404,79	430,70 6,4%	454,73 5,6%	478,37 5,2%	478,37 –	478,37 –	4,7%	500,98 4,7%	524,02 4,6%	544,98 4,0%



## 1.5 Operating Expenditure Framework

Our municipality continues to face institutional challenges that result in bad debt accumulation, limited cash flows and consequent non-payment of creditors. Eskom and Water Boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which includes, among others, weaknesses in revenue collection due to unfavourable economic climate and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services.

The total operating expenditure budget for 2020/21 financial year amounts to R 2 462 474 million and has grown by R 65 036 million or 3% when compared with the 2019/20 Adjustment Budget and by R 38 736 million or 2% compared with the 2019/20 Approved Budget.

The following table is a high-level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Expenditure By Type</b>										
Employee related costs	392 302	414 356	516 496	470 000	470 020	470 020	507 160	558 803	585 624	613 734
Remuneration of councillors	25 456	30 531	31 050	33 242	33 242	33 242	28 184	31 633	34 200	35 841
Debt impairment	157 979	(128 998)	936 713	275 000	275 000	275 000	25	200 000	209 600	219 661
Depreciation & asset impairment	458 952	474 336	474 165	490 000	490 000	490 000	-	485 000	491 790	498 796
Finance charges	131 937	129 675	4 123	140 501	140 501	140 501	115	135 500	141 244	142 312
Bulk purchases	452 876	499 692	814 198	560 000	533 250	533 250	354 501	600 000	625 760	641 982
Other materials	104 859	23 119	31 246	26 320	27 622	27 622	16 069	23 596	23 877	25 114
Contracted services	259 308	290 283	251 361	235 075	246 863	246 863	162 291	227 834	250 453	264 913
Transfers and subsidies	20 819	4 009	4 051	4 500	4 090	4 090	4 087	4 700	4 900	5 000
Other expenditure	135 372	195 241	97 353	189 101	176 850	176 850	132 201	195 409	213 688	223 534
Losses	129 135	182 526	10 456	-	-	-	690	0	0	0
<b>Total Expenditure</b>	<b>2 268 996</b>	<b>2 114 770</b>	<b>3 171 212</b>	<b>2 423 738</b>	<b>2 397 438</b>	<b>2 397 438</b>	<b>1 205 322</b>	<b>2 462 474</b>	<b>2 581 135</b>	<b>2 670 888</b>
<b>Surplus/(Deficit)</b>	<b>(624 126)</b>	<b>(316 507)</b>	<b>(1 324 068)</b>	<b>(594 683)</b>	<b>(476 759)</b>	<b>(476 759)</b>	<b>405 605</b>	<b>(401 263)</b>	<b>(379 518)</b>	<b>(313 787)</b>

Description	2020/21 Medium Term Revenue & Expenditure							
R thousand	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
<b>Expenditure By Type</b>								
Employee related costs	470 020	20%	558 803	23%	585 624	23%	613 734	23%
Remuneration of councillors	33 242	1%	31 633	1%	34 200	1%	35 841	1%
Debt impairment	275 000	11%	200 000	8%	209 600	8%	219 661	8%
Depreciation & asset impairment	490 000	20%	485 000	20%	491 790	19%	498 796	19%
Finance charges	140 501	6%	135 500	6%	141 244	5%	142 312	5%
Bulk purchases	533 250	22%	600 000	24%	625 760	24%	641 982	24%
Other materials	27 622	1%	23 596	1%	23 877	1%	25 114	1%
Contracted services	246 863	10%	227 834	9%	250 453	10%	264 913	10%
Transfers and subsidies	4 090	0%	4 700	0%	4 900	0%	5 000	0%
Other expenditure	176 850	7%	195 409	8%	213 688	8%	223 534	8%
Losses	–	0%	0	0%	0	0%	0	0%
<b>Total Expenditure</b>	<b>2 397 438</b>	<b>100%</b>	<b>2 462 474</b>	<b>100%</b>	<b>2 581 135</b>	<b>100%</b>	<b>2 670 888</b>	<b>100%</b>

**Employee related cost** increased by R 88.7m (16%) from the adjusted budget and it contribute 23% of the total expenditure budget.

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 is still in operation, therefore we budgeted for their employee related costs in line with the multi-year wage agreement, and also ensure the agreement is correctly implemented and applied as per clauses of the agreement.

**Remuneration of councillors** decreased by -5% from the adjusted budget and it contribute 1% of the total expenditure budget.

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

**Bulk Purchases** increased by R 66.7m (11%) from the adjusted budget and it contribute 22% of the total expenditure budget. This expenditure includes amongst others:

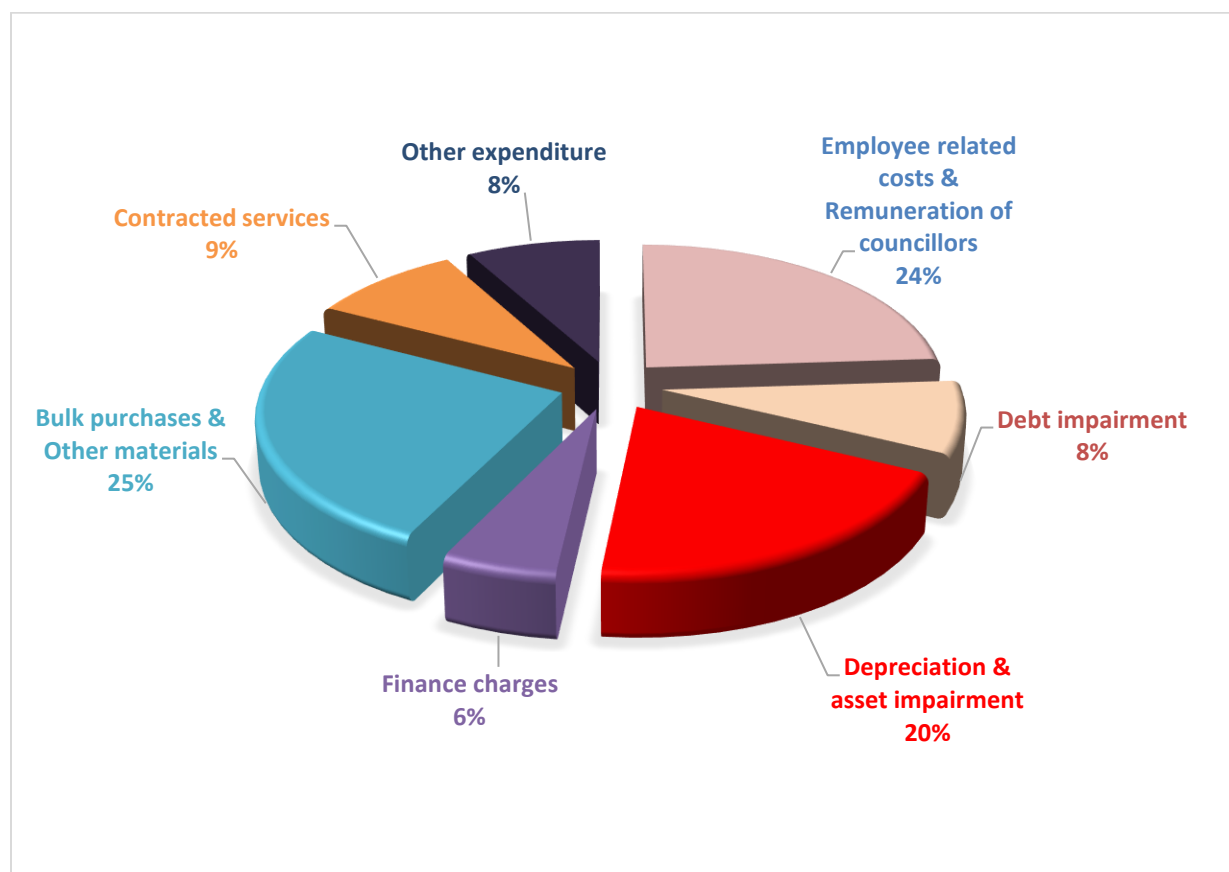
**Contracted Services** decreased by R 19m (-8%) from the adjusted budget and it contribute 10% of the total expenditure budget. This expenditure includes amongst others:

**Other Expenditure** increased by R 18.5m (9%) from the adjusted budget and it contribute 7% of the total expenditure budget.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The decrease indicate that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year

**Figure 1 Main operational expenditure categories for the 2020/21 financial year**



### 1.5.1 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 14 Operational repairs and maintenance**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Repairs and Maintenance										
Employee related costs										
Other materials	-	-	-	330	309	309	5	310	325	340
Contracted Services	120 756	96 561	94 580	84 380	107 283	107 283	74 526	90 335	95 243	102 863
Other Expenditure	-	257	-	3 000	1 000	1 000	-	1 500	2 096	2 197
<b>Total Repairs and Maintenance Expenditure</b>	<b>120 756</b>	<b>96 818</b>	<b>94 580</b>	<b>87 710</b>	<b>108 592</b>	<b>108 592</b>	<b>74 531</b>	<b>92 145</b>	<b>97 664</b>	<b>105 400</b>

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 15 Repairs and maintenance per asset class**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>EXPENDITURE OTHER ITEMS</b>		<b>579 708</b>	<b>571 154</b>	<b>568 744</b>	<b>577 710</b>	<b>598 592</b>	<b>598 592</b>	<b>577 145</b>	<b>589 454</b>	<b>604 196</b>
<u>Depreciation</u>	7	458 952	474 336	474 165	490 000	490 000	490 000	485 000	491 790	498 796
<u>Repairs and Maintenance by Asset Class</u>	3	<b>120 756</b>	<b>96 818</b>	<b>94 580</b>	<b>87 710</b>	<b>108 592</b>	<b>108 592</b>	<b>92 145</b>	<b>97 664</b>	<b>105 400</b>
Roads Infrastructure		11 070	1 625	2 665	6 600	3 700	3 700	6 600	6 917	7 249
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		22 000	26 410	38 881	26 000	41 850	41 850	31 200	32 698	37 267
Water Supply Infrastructure		44 550	54 283	37 618	35 800	27 150	27 150	31 200	32 698	34 267
Sanitation Infrastructure		27 000	7 694	12 405	10 000	27 255	27 255	13 000	13 672	14 376
Solid Waste Infrastructure		-	148	252	800	800	800	800	838	879
Information and Communication Infrastructure		-	257	-	3 000	1 000	1 000	1 500	2 096	2 197
<b>Infrastructure</b>		<b>104 620</b>	<b>90 417</b>	<b>91 821</b>	<b>82 200</b>	<b>101 755</b>	<b>101 755</b>	<b>84 300</b>	<b>88 918</b>	<b>96 234</b>
Community Facilities		5 250	2 588	745	2 600	2 600	2 600	2 600	2 725	2 856
Sport and Recreation Facilities		-	-	-	30	9	9	10	10	11
<b>Community Assets</b>		<b>5 250</b>	<b>2 588</b>	<b>745</b>	<b>2 630</b>	<b>2 609</b>	<b>2 609</b>	<b>2 610</b>	<b>2 735</b>	<b>2 867</b>
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		10 886	26	-	70	68	68	70	73	77
<b>Other Assets</b>		<b>10 886</b>	<b>26</b>	<b>-</b>	<b>70</b>	<b>68</b>	<b>68</b>	<b>70</b>	<b>73</b>	<b>77</b>
Machinery and Equipment		-	492	699	1 810	1 680	1 680	2 665	2 793	2 927
Transport Assets		-	3 294	1 314	1 000	2 480	2 480	2 500	3 144	3 295
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>579 708</b>	<b>571 154</b>	<b>568 744</b>	<b>577 710</b>	<b>598 592</b>	<b>598 592</b>	<b>577 145</b>	<b>589 454</b>	<b>604 196</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0,0%	48,0%	35,5%	33,3%	40,4%	40,4%	30,4%	52,9%	48,4%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0,0%	21,9%	15,8%	19,1%	25,1%	25,1%	17,6%	35,2%	32,5%
<i>R&amp;M as a % of PPE</i>		2,1%	1,8%	1,8%	1,4%	1,8%	1,8%	1,4%	1,5%	1,5%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		2,0%	4,0%	3,0%	3,0%	4,0%	4,0%	3,0%	4,0%	4,0%

For the 2020/21 financial year more expenditure of total repairs and maintenance will be spent on infrastructure assets. Electricity and water infrastructure has received a significant proportion of this allocation totaling R31.2million, followed by sanitation at R13million

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 5 000 or more indigent households during the 2020/21 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 16 2020/21 Medium-term capital budget per vote**

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 06 - Infrastructure And Technical Services	-	-	-	-	19 120	19 120	17 288	-	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	-	19 120	19 120	17 288	-	-	-
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Executive Council	-	86	363	-	14	14	6	-	-	-
Vote 02 - Municipal Manager	-	-	194	-	48	48	48	-	-	-
Vote 03 - Chief Operating Officer	-	-	40	-	115	115	85	-	-	-
Vote 04 - Corporate Support Services	-	3 652	17 432	-	74	74	18	-	-	-
Vote 05 - Budget And Treasury Office	1 065	228	242	-	282	282	198	-	-	-
Vote 06 - Infrastructure And Technical Services	216 850	192 380	187 421	281 797	273 513	273 513	102 780	256 149	311 000	335 000
Vote 07 - Community Services	15 251	2 447	1 185	-	11 200	11 200	802	11 708	-	-
Vote 08 - Human Settlement	-	1 486	-	-	3	3	2	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture	-	-	-	-	-	-	-	13 626	16 000	-
Vote 10 - Public Safety, Fleet And Facilities Management	19 449	16 437	3 467	-	63	63	20	-	-	-
Vote 11 - Internal Audit	-	10	66	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>252 614</b>	<b>216 725</b>	<b>210 410</b>	<b>281 797</b>	<b>285 311</b>	<b>285 311</b>	<b>103 959</b>	<b>281 482</b>	<b>327 000</b>	<b>335 000</b>
<b>Total Capital Expenditure - Vote</b>	<b>252 614</b>	<b>216 725</b>	<b>210 410</b>	<b>281 797</b>	<b>304 431</b>	<b>304 431</b>	<b>121 247</b>	<b>281 482</b>	<b>327 000</b>	<b>335 000</b>

For 2020/21 an amount of R 281.4 million has been appropriated for the development of infrastructure. In the outer years this amount totals R 327 million, and R 335 million, respectively for each of the financial years.

**Figure 2 Capital Infrastructure Programme**

DESCRIPTION	WARDS	PROPOSED	PROPOSED	PROPOSED	Funding Source
		BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23	
KLIPGAT EXTENTION WATER SUPPLY	24,8,36,37	45 000 000	15 000 000	15 000 000	MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,41	50 400 000	35 000 000	55 000 000	MIG
KLIPGAT SANITATION	24,8,36,37	60 810 000	40 000 000	50 000 000	MIG
WARD 1 VIP TOILETS	1	1 000 000	12 000 000	15 000 000	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	2 000 000	10 000 000	12 000 000	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13;14;22,	2 000 000	11 000 000	11 000 000	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES	1,2,25,26,27,29,34	2 000 000	15 000 000	15 000 000	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	2 697 150	0	0	MIG
HIGH MASS LIGHT	ALL WARDS	5 000 000	40 000 000	45 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 1 ( Ward 40 Sonop internal road)	7,25,28,31, 40	6 800 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 2 (Rehabilitation of Oukasie Clinic road and extension 4 taxi road) (ward 39)	13,14,22,39	5 800 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3 (Ward 16 )	10,15,16,41	8 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4 (Ward 24 Mashamplane road and Madidi-Block C stormwater drainage system)	3,8,24,36,37	2 500 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5 ( Ward 35 Oskraal Clinic road)	9,11,12,38, 35	13 000 000	13 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6 ( Ward 1 )	1,2	10 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7 (Ward 4- Letlhakaneng internal link road)	4,5,6,34	12 000 000	12 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8 ( Ward 35 - Thetele- Switch link)	17,18,19,35	4 500 000	12 000 000	7 000 000	MIG
MMAKAU LIBRARY	17,18,19	11 707 690			MIG
OUKASIE TAXI RANK	13,14,39;22	7 441 995			MIG
MADIBENG SMME DEVELOPMENT HUB- BRITS	ALL WARDS	13 625 582			MIG
KLIPGAT FIRE STATION	3,8,24,36		16 000 000		MIG
ELECTRIFICATION	ALL WARDS	15 200 000	35 000 000	26 000 000	INEP
<b>TOTAL MIG</b>		<b>281 482 417</b>	<b>327 000 000</b>	<b>335 000 000</b>	<b>MIG</b>

## **1.7 Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	269 185	257 978	250 694	270 000	349 946	349 946	319 754	369 015	387 460	406 901
Service charges	671 388	640 397	644 611	741 875	741 875	741 875	663 433	750 150	780 917	818 401
Investment revenue	4 515	7 030	5 843	6 732	6 732	6 732	3 355	4 067	4 262	4 467
Transfers recognised - operational	506 007	781 116	854 732	699 244	710 868	710 868	505 258	788 036	871 836	962 648
Other own revenue	193 775	111 743	91 264	111 204	111 204	111 204	126 267	149 944	157 142	164 685
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 644 870</b>	<b>1 798 264</b>	<b>1 847 145</b>	<b>1 829 055</b>	<b>1 920 625</b>	<b>1 920 625</b>	<b>1 618 067</b>	<b>2 061 212</b>	<b>2 201 617</b>	<b>2 357 100</b>
Employee costs	392 302	414 356	516 496	470 000	470 020	470 020	554 654	558 803	585 624	613 734
Remuneration of councillors	25 456	30 531	31 050	33 242	33 242	33 242	31 836	31 633	34 200	35 841
Depreciation & asset impairment	458 952	474 336	474 165	490 000	490 000	490 000	-	485 000	491 790	498 796
Finance charges	131 937	129 675	4 123	140 501	140 501	140 501	115	135 500	141 244	142 312
Materials and bulk purchases	557 735	522 810	845 443	586 320	560 772	560 772	377 084	623 596	649 637	667 096
Transfers and grants	20 819	4 009	4 051	4 500	4 090	4 090	4 087	4 700	4 900	5 000
Other expenditure	681 794	539 052	1 295 884	699 176	698 815	698 815	307 522	623 243	673 741	708 109
<b>Total Expenditure</b>	<b>2 268 996</b>	<b>2 114 770</b>	<b>3 171 212</b>	<b>2 423 738</b>	<b>2 397 440</b>	<b>2 397 440</b>	<b>1 275 298</b>	<b>2 462 474</b>	<b>2 581 135</b>	<b>2 670 888</b>
<b>Surplus/(Deficit)</b>	<b>(624 126)</b>	<b>(316 507)</b>	<b>(1 324 068)</b>	<b>(594 683)</b>	<b>(476 814)</b>	<b>(476 814)</b>	<b>342 769</b>	<b>(401 263)</b>	<b>(379 518)</b>	<b>(313 787)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	261 756	-	5 537	281 797	300 917	300 917	-	281 482	327 000	335 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(362 370)</b>	<b>(316 507)</b>	<b>(1 318 530)</b>	<b>(312 886)</b>	<b>(175 897)</b>	<b>(175 897)</b>	<b>342 769</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(362 370)</b>	<b>(316 507)</b>	<b>(1 318 530)</b>	<b>(312 886)</b>	<b>(175 897)</b>	<b>(175 897)</b>	<b>342 769</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>252 614</b>	<b>216 725</b>	<b>210 410</b>	<b>281 797</b>	<b>304 516</b>	<b>304 516</b>	<b>130 177</b>	<b>281 482</b>	<b>327 000</b>	<b>335 000</b>
Transfers recognised - capital	232 101	186 967	186 761	281 797	291 917	291 917	124 553	281 482	327 000	335 000
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	20 513	29 758	23 648	-	12 599	12 599	5 624	-	-	-
<b>Total sources of capital funds</b>	<b>252 614</b>	<b>216 725</b>	<b>210 410</b>	<b>281 797</b>	<b>304 516</b>	<b>304 516</b>	<b>130 177</b>	<b>281 482</b>	<b>327 000</b>	<b>335 000</b>
<b>Financial position</b>										
Total current assets	562 855	1 597 926	1 496 651	849 629	859 714	899 714	1 655 480	913 926	864 580	869 857
Total non current assets	6 108 221	5 700 102	5 443 112	6 512 760	6 491 309	6 491 309	5 567 574	6 665 519	6 763 560	6 973 000
Total current liabilities	705 284	1 667 591	2 476 378	726 655	656 655	656 655	2 434 701	456 255	473 642	483 913
Total non current liabilities	1 192 091	1 163 834	40 787	1 379 342	1 379 342	1 379 342	40 787	1 435 724	1 500 044	1 630 170
Community wealth/Equity	4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773
<b>Cash flows</b>										
Net cash from (used) operating	106 908	92 635	240 877	350 358	341 206	381 206	113 521	243 513	351 655	383 276
Net cash from (used) investing	(252 563)	(215 083)	(210 237)	(301 005)	(311 487)	(311 487)	(83 914)	(281 482)	(327 000)	(335 000)
Net cash from (used) financing	109 856	122 774	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>33 357</b>	<b>33 692</b>	<b>89 171</b>	<b>20 118</b>	<b>30 203</b>	<b>70 203</b>	<b>30 091</b>	<b>5 926</b>	<b>30 580</b>	<b>78 857</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	46 151	13 560	73 956	32 918	43 003	83 003	(355 149)	18 726	43 480	91 857
Application of cash and investments	556 754	(915 794)	193 050	27 198	41 834	14 586	147 172	17 393	40 876	76 419
<b>Balance - surplus (shortfall)</b>	<b>(510 603)</b>	<b>929 354</b>	<b>(119 093)</b>	<b>5 720</b>	<b>1 169</b>	<b>68 417</b>	<b>(502 321)</b>	<b>1 333</b>	<b>2 604</b>	<b>15 438</b>
<b>Asset management</b>										
Asset register summary (WDV)	5 687 345	5 431 568	6 499 960	6 478 509	6 478 509	5 561 745	5 561 745	6 652 719	6 750 660	6 960 000
Depreciation	458 952	474 336	474 165	490 000	490 000	490 000	490 000	475 000	491 790	498 796
Renewal and Upgrading of Existing Assets	-	104 089	74 702	93 787	105 703	105 703	105 703	-	-	-
Repairs and Maintenance	120 756	96 818	94 580	87 710	108 566	108 566	108 566	92 145	97 664	105 400
<b>Free services</b>										
Cost of Free Basic Services provided	10 778	10 436	22 785	5 101	5 101	5 101	4 016	4 016	4 209	4 411
Revenue cost of free services provided	-	51 248	89 145	113 438	25 901	25 901	27 918	27 918	29 258	30 662
<b>Households below minimum service level</b>										
Water:	81	103	106	112	112	112	118	118	124	130
Sanitation/sewerage:	62	81	82	86	86	86	91	91	95	100
Energy:	170	176	186	195	195	195	206	206	217	228
Refuse:	399	420	453	476	476	476	502	502	529	556



**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description R thousand	Ref 1	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		913 218	882 010	900 964	1 017 263	1 097 209	1 097 209	1 196 190	1 302 128	1 410 238
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		913 218	882 010	900 964	1 017 263	1 097 209	1 097 209	1 196 190	1 302 128	1 410 238
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11 819	6 759	2 877	2 353	4 977	4 977	1 537	1 611	1 688
Community and social services		2 307	1 451	2 651	1 292	3 916	3 916	973	1 020	1 069
Sport and recreation		202	186	73	60	60	60	57	60	62
Public safety		9 310	5 121	153	1 001	1 001	1 001	507	531	557
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		263 283	217 256	257 314	300 070	309 070	309 070	296 631	321 991	341 629
Planning and development		250 281	198 882	237 454	286 070	295 070	295 070	283 631	308 367	327 351
Road transport		13 001	18 374	19 860	14 000	14 000	14 000	13 000	13 624	14 278
Environmental protection		2	-	-	-	-	-	-	-	-
<i>Trading services</i>		718 305	692 169	691 460	791 084	810 203	810 203	848 232	902 778	938 431
Energy sources		487 418	459 581	416 720	487 467	487 467	487 467	500 238	538 080	556 228
Water management		149 884	131 098	175 534	183 938	183 938	183 938	209 337	219 385	229 916
Waste water management		41 844	47 645	50 361	59 891	79 011	79 011	68 819	72 122	75 584
Waste management		39 160	53 846	48 845	59 787	59 787	59 787	69 838	73 190	76 703
<i>Other</i>	4	-	70	67	83	83	83	104	109	114
<b>Total Revenue - Functional</b>	2	<b>1 906 626</b>	<b>1 798 264</b>	<b>1 852 682</b>	<b>2 110 852</b>	<b>2 221 542</b>	<b>2 221 542</b>	<b>2 342 694</b>	<b>2 528 617</b>	<b>2 692 100</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		1 241 368	669 110	1 395 595	1 354 025	1 327 355	1 327 355	1 274 384	1 333 618	1 373 017
Executive and council		85 245	80 765	83 136	90 029	84 916	84 916	90 855	98 574	103 306
Finance and administration		1 156 123	580 579	1 304 702	1 254 076	1 232 789	1 232 789	1 172 314	1 223 253	1 257 354
Internal audit		-	7 766	7 757	9 920	9 650	9 650	11 216	11 791	12 357
<i>Community and public safety</i>		178 738	133 077	139 272	137 815	144 458	144 458	159 168	166 108	174 028
Community and social services		27 959	37 593	26 096	28 862	33 959	33 959	35 743	36 693	38 401
Sport and recreation		16 116	14 821	24 310	22 382	22 183	22 183	39 259	41 167	43 143
Public safety		128 910	70 547	77 807	74 357	76 156	76 156	70 941	74 367	77 937
Housing		-	3 983	4 450	4 937	4 903	4 903	5 663	5 956	6 242
Health		5 753	6 134	6 608	7 277	7 257	7 257	7 561	7 924	8 305
<i>Economic and environmental services</i>		107 464	471 314	556 948	109 910	114 381	114 381	137 083	143 693	151 786
Planning and development		26 868	47 968	54 189	45 165	53 236	53 236	62 375	64 855	69 164
Road transport		72 920	422 652	502 046	64 023	60 438	60 438	73 928	78 022	81 767
Environmental protection		7 676	694	713	722	707	707	779	817	856
<i>Trading services</i>		739 018	838 971	1 077 128	818 994	808 571	808 571	888 641	934 328	968 505
Energy sources		435 864	491 382	646 023	501 522	507 312	507 312	541 084	564 540	580 824
Water management		200 303	248 808	340 753	225 344	194 274	194 274	220 490	235 886	247 304
Waste water management		33 010	30 852	39 450	35 140	52 855	52 855	47 098	49 466	51 888
Waste management		69 840	67 929	50 901	56 988	54 131	54 131	79 968	84 436	88 489
<i>Other</i>	4	2 408	2 297	2 269	2 994	2 675	2 675	3 198	3 388	3 551
<b>Total Expenditure - Functional</b>	3	<b>2 268 996</b>	<b>2 114 770</b>	<b>3 171 212</b>	<b>2 423 738</b>	<b>2 397 440</b>	<b>2 397 440</b>	<b>2 462 474</b>	<b>2 581 135</b>	<b>2 670 888</b>
<b>Surplus/(Deficit) for the year</b>		<b>(362 370)</b>	<b>(316 507)</b>	<b>(1 318 530)</b>	<b>(312 886)</b>	<b>(175 897)</b>	<b>(175 897)</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>	1									
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		24	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		911 649	882 010	900 964	1 017 263	1 097 209	1 097 209	1 196 190	1 302 128	1 410 238
Vote 06 - Infrastructure And Technical Services		692 146	833 078	876 673	1 013 094	1 041 214	1 041 214	1 058 195	1 135 146	1 186 136
Vote 07 - Community Services		41 670	55 483	51 569	61 139	62 124	62 124	70 868	74 270	77 835
Vote 08 - Human Settlement		-	1 461	2 326	2 743	2 743	2 743	2 481	2 600	2 725
Vote 09 - Economic Dev, Tourism & Agriculture		251 826	2 666	1 070	1 530	1 530	1 530	1 348	208	218
Vote 10 - Public Safety, Fleet And Facilities Management		9 310	23 565	20 080	15 084	16 723	16 723	13 611	14 264	14 949
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>1 906 626</b>	<b>1 798 264</b>	<b>1 852 682</b>	<b>2 110 852</b>	<b>2 221 542</b>	<b>2 221 542</b>	<b>2 342 694</b>	<b>2 528 617</b>	<b>2 692 100</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 01 - Executive Council		85 245	59 301	62 732	68 700	64 014	64 014	67 382	73 881	77 428
Vote 02 - Municipal Manager		-	6 028	4 295	4 173	4 078	4 078	4 720	4 999	5 239
Vote 03 - Chief Operating Officer		-	17 923	19 842	23 505	22 284	22 284	27 406	29 224	30 627
Vote 04 - Corporate Support Services		123 928	57 693	58 178	80 326	72 644	72 644	79 832	85 338	89 137
Vote 05 - Budget And Treasury Office		1 032 195	341 861	1 132 004	1 018 405	1 010 793	1 010 793	914 410	951 214	973 410
Vote 06 - Infrastructure And Technical Services		742 098	1 182 722	1 514 945	807 244	805 148	805 148	874 516	918 832	953 464
Vote 07 - Community Services		127 344	140 301	119 642	129 487	127 712	127 712	175 644	184 931	193 759
Vote 08 - Human Settlement		-	25 691	23 746	28 217	27 592	27 592	30 811	32 346	33 899
Vote 09 - Economic Dev, Tourism & Agriculture		29 276	13 248	24 166	14 373	13 840	13 840	15 492	16 311	17 092
Vote 10 - Public Safety, Fleet And Facilities Management		128 910	262 238	203 841	239 262	239 593	239 593	251 910	262 695	274 444
Vote 11 - Internal Audit		-	7 766	7 757	9 920	9 650	9 650	11 216	11 791	12 357
Vote 12 - Risk Management		-	-	65	126	91	91	9 134	9 573	10 032
<b>Total Expenditure by Vote</b>	2	<b>2 268 996</b>	<b>2 114 770</b>	<b>3 171 212</b>	<b>2 423 738</b>	<b>2 397 440</b>	<b>2 397 440</b>	<b>2 462 474</b>	<b>2 581 135</b>	<b>2 670 888</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(362 370)</b>	<b>(316 507)</b>	<b>(1 318 530)</b>	<b>(312 886)</b>	<b>(175 897)</b>	<b>(175 897)</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 20 Surplus/(Deficit) calculations for the trading services**

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>ELECTRICITY</b>									
Revenue	487 418	459 581	416 720	487 467	487 467	487 467	500 238	538 080	556 228
Expenditure	435 864	491 382	646 023	501 522	507 392	507 392	541 084	564 540	580 824
<b>Surplus/(Deficit) for the year</b>	<b>51 554</b>	<b>(31 801)</b>	<b>(229 303)</b>	<b>(14 054)</b>	<b>(19 924)</b>	<b>(19 924)</b>	<b>(40 846)</b>	<b>(26 461)</b>	<b>(24 597)</b>
<b>WATER</b>									
Revenue	149 884	131 098	175 534	183 938	183 938	183 938	209 337	219 385	229 916
Expenditure	200 303	248 808	340 753	225 344	207 864	207 864	221 490	235 886	247 304
<b>Surplus/(Deficit) for the year</b>	<b>(50 419)</b>	<b>(117 710)</b>	<b>(165 220)</b>	<b>(41 406)</b>	<b>(23 925)</b>	<b>(23 925)</b>	<b>(12 153)</b>	<b>(16 501)</b>	<b>(17 389)</b>
<b>SANITATION</b>									
Revenue	41 844	47 645	50 361	59 891	72 292	72 292	68 819	72 122	75 584
Total Expenditure - Functional	33 010	30 852	39 450	35 140	36 086	36 086	47 098	49 466	51 888
<b>Surplus/(Deficit) for the year</b>	<b>8 833</b>	<b>16 793</b>	<b>10 911</b>	<b>24 751</b>	<b>36 206</b>	<b>36 206</b>	<b>21 721</b>	<b>22 657</b>	<b>23 696</b>
<b>WASTE MANAGEMENT</b>									
Revenue	39 160	53 846	48 845	59 787	59 787	59 787	69 838	73 190	76 703
Expenditure	69 840	67 929	50 901	56 988	56 268	56 268	79 968	84 436	88 489
<b>Surplus/(Deficit) for the year</b>	<b>(30 681)</b>	<b>(14 083)</b>	<b>(2 056)</b>	<b>2 799</b>	<b>3 519</b>	<b>3 519</b>	<b>(10 130)</b>	<b>(11 245)</b>	<b>(11 785)</b>

The table above clearly displays that our trading services are making a loss and this trading services are supposed to generate surplus so that they cross-subsidise other municipal services and also be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure.

Implementation of credit control measures in all townships remained suspended due to interruptions by community members. Other challenges encountering when pursuing consumer accounts in arrears are but not limited to the following:

- Lack of regular supply of services especially water and refuse collection
- Water quality (undrinkable)
- Lack of replacement and maintenance of meters
- Incorrect political statement that community will be given zero balances promise on their account
- Illegal connections and Tempering of meters not attended to regularly
- Electrical meter boxes have no locks
- Unresolved disputes
- Straight meter connections by municipal officials due to non-availability of meters

**Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

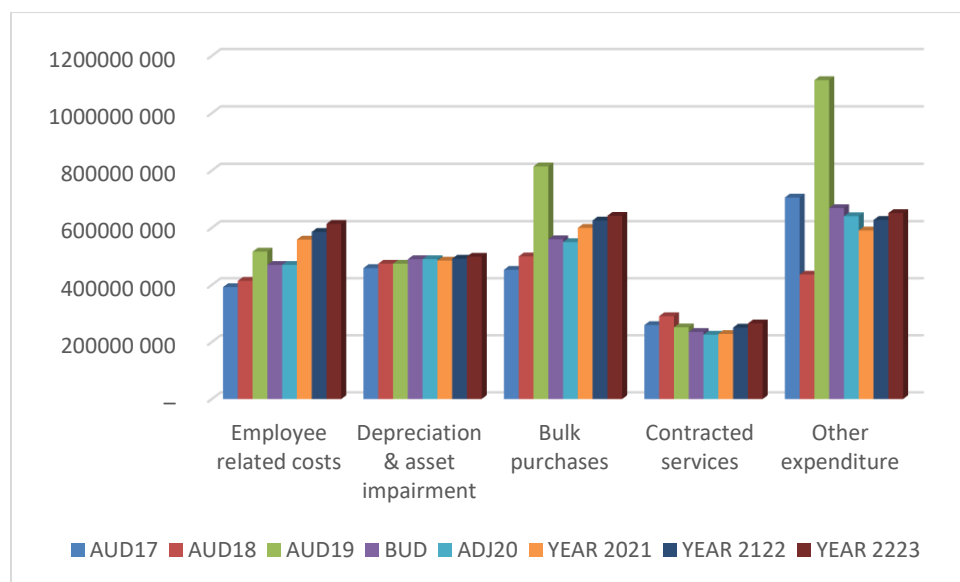
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	269 185	257 978	250 694	270 000	349 946	349 946	319 754	369 015	387 460	406 901
Service charges - electricity revenue	2	447 788	426 306	389 307	475 000	475 000	475 000	413 501	469 172	486 453	509 802
Service charges - water revenue	2	148 307	119 525	163 035	161 600	161 600	161 600	149 593	168 860	176 966	185 460
Service charges - sanitation revenue	2	41 724	43 398	46 601	52 275	52 275	52 275	48 832	55 070	57 713	60 483
Service charges - refuse revenue	2	33 569	51 169	45 669	53 000	53 000	53 000	51 507	57 047	59 785	62 655
Rental of facilities and equipment		1 243	1 333	1 020	1 386	1 386	1 386	753	1 034	1 084	1 136
Interest earned - external investments		4 515	7 030	5 843	6 732	6 732	6 732	3 355	4 067	4 262	4 467
Interest earned - outstanding debtors		95 140	83 818	56 828	91 112	91 112	91 112	121 914	131 457	137 767	144 380
Dividends received		–	48	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		2 992	5 001	156	1 001	1 001	1 001	11	500	524	549
Licences and permits		6 229	6 196	6 724	2 127	2 127	2 127	111	1 199	1 257	1 317
Agency services		11 456	12 253	13 216	12 000	12 000	12 000	–	12 000	12 576	13 180
Transfers and subsidies		506 007	781 116	854 732	699 244	710 868	710 868	505 258	788 036	871 836	962 648
Other revenue	2	76 715	3 094	3 806	3 579	3 579	3 579	2 753	3 754	3 934	4 123
Gains		–	–	9 515	–	–	–	725	0	0	0
Total Revenue (excluding capital transfers and contributions)		1 644 870	1 798 264	1 847 145	1 829 055	1 920 625	1 920 625	1 618 067	2 061 212	2 201 617	2 357 100
<b>Expenditure By Type</b>											
Employee related costs	2	392 302	414 356	516 496	470 000	470 020	470 020	554 654	558 803	585 624	613 734
Remuneration of councillors		25 456	30 531	31 050	33 242	33 242	33 242	31 836	31 633	34 200	35 841
Debt impairment	3	157 979	(128 998)	936 713	275 000	275 000	275 000	25	200 000	209 600	219 661
Depreciation & asset impairment	2	458 952	474 336	474 165	490 000	490 000	490 000	–	485 000	491 790	498 796
Finance charges		131 937	129 675	4 123	140 501	140 501	140 501	115	135 500	141 244	142 312
Bulk purchases	2	452 876	499 692	814 198	560 000	533 150	533 150	359 284	600 000	625 760	641 982
Other materials	8	104 859	23 119	31 246	26 320	27 622	27 622	17 800	23 596	23 877	25 114
Contracted services		259 308	290 283	251 361	235 075	246 837	246 837	171 812	227 834	250 453	264 913
Transfers and subsidies		20 819	4 009	4 051	4 500	4 090	4 090	4 087	4 700	4 900	5 000
Other expenditure	4, 5	135 372	195 241	97 353	189 101	176 978	176 978	134 396	195 409	213 688	223 534
Losses		129 135	182 526	10 456	–	–	–	1 289	0	0	0
Total Expenditure		2 268 996	2 114 770	3 171 212	2 423 738	2 397 440	2 397 440	1 275 298	2 462 474	2 581 135	2 670 888
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(624 126)	(316 507)	(1 324 068)	(594 683)	(476 814)	(476 814)	342 769	(401 263)	(379 518)	(313 787)
		261 756	–	5 537	281 797	300 917	300 917	–	281 482	327 000	335 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)	6	–									
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213
Taxation											
Surplus/(Deficit) after taxation		(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total operating expenditure for the 2020/21 financial year has been appropriated at R2.4 billion and translates into a budgeted deficit of R401.2m (excluding capital grants) and a deficit of R119.7m (including capital grants). When compared to the 2019/2020 Adjustments Budget, operating expenditure has increased by 3% in the 2020/21 budget and increases by 5% and 3% for each of the respective outer years of the MTREF.

It should be noted that, although the 2020/2021 operational budget and indicative years indicate budgeted deficits (Table 1), this does not reflect the actual cash position and also that the deficit is gradually decreasing over MTREF. This phenomenon will continue for the foreseeable future. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R6 billion, which relates to substantially high depreciation charges. The replacement thereof can thus not be recouped via current tariffs, no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial year period is adhered to.

The following graph illustrates the major expenditure items per type.



**Figure 3 Expenditure by major type**

1. Bulk purchases have significantly increased over the 2020/21 to 2022/23 period escalating from R600 million to R641.9 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and Bulk water from Rand Water.
2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		-	-	-	-	19 120	19 120	17 288	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Management		-	-	-	-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	19 120	19 120	17 288	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 01 - Executive Council		-	86	363	-	14	14	6	-	-	-
Vote 02 - Municipal Manager		-	-	194	-	79	79	48	-	-	-
Vote 03 - Chief Operating Officer		-	-	40	-	115	115	85	-	-	-
Vote 04 - Corporate Support Services		-	3 652	17 432	-	74	74	18	-	-	-
Vote 05 - Budget And Treasury Office		1 065	228	242	-	336	336	198	-	-	-
Vote 06 - Infrastructure And Technical Services		216 850	192 380	187 421	281 797	273 513	273 513	111 303	256 149	311 000	335 000
Vote 07 - Community Services		15 251	2 447	1 185	-	11 200	11 200	1 209	11 708	-	-
Vote 08 - Human Settlement		-	1 486	-	-	3	3	2	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-	13 626	16 000	-
Vote 10 - Public Safety, Fleet And Facilities Management		19 449	16 437	3 467	-	63	63	20	-	-	-
Vote 11 - Internal Audit		-	10	66	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		252 614	216 725	210 410	281 797	285 396	285 396	112 889	281 482	327 000	335 000
<b>Total Capital Expenditure - Vote</b>		252 614	216 725	210 410	281 797	304 516	304 516	130 177	281 482	327 000	335 000
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		1 065	20 413	18 336	-	647	647	354	-	-	-
Executive and council		-	86	612	-	152	152	113	-	-	-
Finance and administration		1 065	20 317	17 659	-	495	495	241	-	-	-
Internal audit		-	10	66	-	-	-	-	-	-	-
<b>Community and public safety</b>		15 580	1 505	4 039	-	11 237	11 237	1 232	11 708	-	-
Community and social services		12 817	488	516	-	-	-	-	11 708	-	-
Sport and recreation		2 010	924	582	-	11 200	11 200	1 209	-	-	-
Public safety		753	-	2 941	-	34	34	20	-	-	-
Housing		-	93	-	-	3	3	2	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		100 168	89 208	75 296	77 000	99 200	99 200	32 319	83 668	114 000	91 000
Planning and development		-	1 393	30	-	-	-	-	13 626	16 000	-
Road transport		100 168	87 815	75 266	77 000	99 200	99 200	32 319	70 042	98 000	91 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		116 354	105 600	112 739	204 797	193 433	193 433	96 272	186 107	213 000	244 000
Energy services		10 766	14 352	975	16 787	14 616	14 616	5 248	22 897	75 000	71 000
Water management		75 640	77 158	87 617	135 000	96 743	96 743	41 596	97 400	65 000	85 000
Waste water management		29 947	13 055	24 127	53 010	82 074	82 074	49 429	65 810	73 000	88 000
Waste management		-	1 035	20	-	-	-	-	-	-	-
<b>Other</b>		19 449	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	252 614	216 725	210 410	281 797	304 516	304 516	130 177	281 482	327 000	335 000
<b>Funded by:</b>											
National Government		232 101	186 967	186 761	281 797	291 917	291 917	124 553	281 482	327 000	335 000
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	232 101	186 967	186 761	281 797	291 917	291 917	124 553	281 482	327 000	335 000
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		20 513	29 758	23 648	-	12 599	12 599	5 624	-	-	-
<b>Total Capital Funding</b>	7	252 614	216 725	210 410	281 797	304 516	304 516	130 177	281 482	327 000	335 000

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations
3. For 2020/21 an amount of R 281.4 million has been appropriated for the development of infrastructure. In the outer years this amount totals R 327 million, and R 335 million, respectively for each of the financial years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and transfers.



**Table 23 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		32 334	(7 956)	21 454	10 118	10 203	10 203	(388 531)	5 926	9 580	10 857
Call investment deposits	1	1 031	8 760	40 958	10 000	20 000	60 000	27 553		21 000	68 000
Consumer debtors	1	337 257	636 418	291 675	819 511	819 511	819 511	753 028	896 000	821 000	776 000
Other debtors		179 363	946 809	1 126 130	-	-	-	1 241 281	-	-	-
Current portion of long-term receivables											
Inventory	2	12 869	13 896	16 433	10 000	10 000	10 000	22 148	12 000	13 000	15 000
Total current assets		562 855	1 597 926	1 496 651	849 629	859 714	899 714	1 655 480	913 926	864 580	869 857
Non current assets											
Long-term receivables											
Investments		12 785	12 757	11 543	12 800	12 800	12 800	5 829	12 800	12 900	13 000
Investment property		317 245	168 005	100 370	275 000	275 000	275 000	100 370	110 370	120 000	125 000
Investment in Associate											
Property, plant and equipment	3	5 778 180	5 519 330	5 327 224	6 224 950	6 203 499	6 203 499	5 457 401	6 542 339	6 630 650	6 835 000
Biological											
Intangible		-	-	3 964	-	-	-	3 964	-	-	-
Other non-current assets		10	10	10	10	10	10	10	10	10	-
Total non current assets		6 108 221	5 700 102	5 443 112	6 512 760	6 491 309	6 491 309	5 567 574	6 665 519	6 763 560	6 973 000
TOTAL ASSETS		6 671 076	7 298 028	6 939 763	7 362 389	7 351 023	7 391 023	7 223 054	7 579 444	7 628 140	7 842 857
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	4 470	2 013	2 013	-	-	-	2 013	2 013	2 013	2 013
Consumer deposits		13 945	15 948	40 809	16 000	16 000	16 000	43 066	16 500	16 800	16 900
Trade and other payables	4	631 760	1 409 216	2 167 482	470 655	400 655	400 655	2 123 548	382 742	394 829	400 000
Provisions		55 108	240 414	266 074	240 000	240 000	240 000	266 074	55 000	60 000	65 000
Total current liabilities		705 284	1 667 591	2 476 378	726 655	656 655	656 655	2 434 701	456 255	473 642	483 913
Non current liabilities											
Borrowing		986 965	1 113 443	(2 013)	1 171 342	1 171 342	1 171 342	(2 013)	1 234 924	1 299 244	1 429 370
Provisions		205 126	50 391	42 800	208 000	208 000	208 000	42 800	200 800	200 800	200 800
Total non current liabilities		1 192 091	1 163 834	40 787	1 379 342	1 379 342	1 379 342	40 787	1 435 724	1 500 044	1 630 170
TOTAL LIABILITIES		1 897 375	2 831 425	2 517 165	2 105 997	2 035 997	2 035 997	2 475 488	1 891 979	1 973 687	2 114 083
NET ASSETS	5	4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773

**Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;

- Provisions non-current;
  - Changes in net assets; and
  - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
  - Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 24 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		296 046	258 006	175 499	230 000	230 000	200 000	156 937	258 311	290 595	305 175
Service charges		227 842	646 403	421 053	526 000	526 000	596 000	397 294	525 105	585 688	613 801
Other revenue		32 132	36 225	31 995	29 512	65 512	65 512	9 592	18 487	19 375	20 305
Transfers and Subsidies - Operational	1	504 673	569 142	626 943	571 733	572 804	572 804	428 806	788 036	871 836	962 648
Transfers and Subsidies - Capital	1	263 056	212 007	248 918	301 005	301 005	301 005	106 603	281 482	327 000	335 000
Interest		99 646	90 896	56 620	10 500	20 000	20 000	57 537	29 367	30 762	31 467
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 200 077)	(1 592 069)	(1 315 453)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 657 274)	(1 773 601)	(1 885 119)
Finance charges		(116 410)	(127 974)	(4 699)	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	(10 000)	(5 000)	(5 000)	(1 649)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		106 908	92 635	240 877	350 358	341 206	381 206	113 521	243 513	351 655	383 276
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		6 108	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		(16 378)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(132)	(253)	-	-	-	-	-	-	-	-
Payments											
Capital assets		(242 160)	(214 830)	(210 237)	(301 005)	(311 487)	(311 487)	(83 914)	(281 482)	(327 000)	(335 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(252 563)	(215 083)	(210 237)	(301 005)	(311 487)	(311 487)	(83 914)	(281 482)	(327 000)	(335 000)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		113 682	128 491	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(3 826)	(5 717)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		109 856	122 774	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(35 799)	326	30 641	49 353	29 719	69 719	29 607	(37 969)	24 655	48 276
Cash/cash equivalents at the year begin:	2	69 155	33 366	58 530	(29 235)	484	484	484	43 895	5 926	30 580
Cash/cash equivalents at the year end:	2	33 357	33 692	89 171	20 118	30 203	70 203	30 091	5 926	30 580	78 857

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The municipality is technically bankrupt, it can be seen that the cash levels fell significantly over the 2016/17 to 2018/19 period owing directly to a net decrease in cash for the 2016/17 financial year of R35.7 million.
4. The approved 2018/19 MTREF provide for a further net decrease in cash of R208.8 million for the 2018/19 financial year resulting in an overall projected negative cash position of R175 million at year end.
5. As part of the 2019/20 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors of R 2 billion. These interventions translated into a net cash position of 39.6 million for the 2019/20 financial year and cash and cash equivalents totaled R82 million at year end.
7. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R5.9 million as at the end of the 2020/21 financial year and escalates to R78.8 million by 2022/23.

**Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	33 357	33 692	89 171	20 118	30 203	70 203	30 091	5 926	30 580	78 857
Other current investments > 90 days		9	(32 888)	(26 758)	–	–	–	(391 069)	–	–	–
Non current assets - Investments	1	12 785	12 757	11 543	12 800	12 800	12 800	5 829	12 800	12 900	13 000
Cash and investments available:		46 151	13 560	73 956	32 918	43 003	83 003	(355 149)	18 726	43 480	91 857
<b>Application of cash and investments</b>											
Unspent conditional transfers		327	987	16 903	–	–	–	57 014	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	378 204	(916 781)	176 147	(102 533)	(158 966)	(186 214)	(110 641)	(183 407)	(159 924)	(124 381)
Other provisions		178 224	–	–	129 731	200 800	200 800	200 800	200 800	200 800	200 800
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		556 754	(915 794)	193 050	27 198	41 834	14 586	147 172	17 393	40 876	76 419
Surplus(shortfall)		(510 603)	929 354	(119 093)	5 720	1 169	68 417	(502 321)	1 333	2 604	15 438

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 to 2019/20 the deficit moved from R332.3 million to R290.4 million.

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R1.1 million in 2019/20 to a surplus of R15.4 million by 2022/23.

**Table 26 MBRR Table A9 - Asset Management**

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE											
<u>Total New Assets</u>		1	252 614	112 636	135 708	188 010	207 639	207 639	279 801	305 559	324 408
Roads Infrastructure			95 245	–	–	–	–	–	62 600	98 000	91 000
Electrical Infrastructure			22 000	–	–	–	–	–	7 697	40 000	45 000
Water Supply Infrastructure			86 271	77 158	87 610	135 000	135 000	135 000	97 400	65 000	85 000
Sanitation Infrastructure			20 509	13 055	24 040	53 010	53 010	53 010	65 810	73 000	88 000
Infrastructure			224 024	90 213	111 650	188 010	188 010	188 010	233 507	276 000	309 000
Community Facilities			11 098	–	–	–	–	–	46 294	29 559	15 408
Sport and Recreation Facilities			14 091	–	409	–	9 200	9 200	–	–	–
Community Assets			25 189	–	409	–	9 200	9 200	46 294	29 559	15 408
Operational Buildings			1 816	–	–	–	–	–	–	–	–
Other Assets			1 816	–	–	–	–	–	–	–	–
Furniture and Office Equipment			1 585	4 593	19 869	–	10 429	10 429	–	–	–
Machinery and Equipment			–	–	856	–	–	–	–	–	–
Transport Assets			–	16 437	2 923	–	–	–	–	–	–
Land			–	1 393	–	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>		2	–	20 673	795	16 787	18 703	18 703	–	–	–
Electrical Infrastructure			–	14 352	795	16 787	18 703	18 703	–	–	–
Solid Waste Infrastructure			–	1 029	–	–	–	–	–	–	–
Infrastructure			–	15 381	795	16 787	18 703	18 703	–	–	–
Community Facilities			–	5 292	–	–	–	–	–	–	–
Community Assets			–	5 292	–	–	–	–	–	–	–
<u>Total Upgrading of Existing Assets</u>		6	–	83 416	73 907	77 000	87 000	87 000	–	–	–
Roads Infrastructure			–	82 518	73 907	77 000	87 000	87 000	–	–	–
Infrastructure			–	82 518	73 907	77 000	87 000	87 000	–	–	–
Sport and Recreation Facilities			–	898	–	–	–	–	–	–	–
Community Assets			–	898	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>		4	252 614	216 725	210 410	281 797	313 341	313 341	279 801	305 559	324 408
Roads Infrastructure			95 245	82 518	73 907	77 000	87 000	87 000	62 600	98 000	91 000
Storm water Infrastructure			–	–	–	–	–	–	–	–	–
Electrical Infrastructure			22 000	14 352	795	16 787	18 703	18 703	7 697	40 000	45 000
Water Supply Infrastructure			86 271	77 158	87 610	135 000	135 000	135 000	97 400	65 000	85 000
Sanitation Infrastructure			20 509	13 055	24 040	53 010	53 010	53 010	65 810	73 000	88 000
Solid Waste Infrastructure			–	1 029	–	–	–	–	–	–	–
Infrastructure			224 024	188 113	186 352	281 797	293 713	293 713	233 507	276 000	309 000
Community Facilities			11 098	5 292	–	–	–	–	46 294	29 559	15 408
Sport and Recreation Facilities			14 091	898	409	–	9 200	9 200	–	–	–
Community Assets			25 189	6 190	409	–	9 200	9 200	46 294	29 559	15 408
Operational Buildings			1 816	–	–	–	–	–	–	–	–
Other Assets			1 816	–	–	–	–	–	–	–	–
Furniture and Office Equipment			1 585	4 593	19 869	–	10 429	10 429	–	–	–
Machinery and Equipment			–	–	856	–	–	–	–	–	–
Transport Assets			–	16 437	2 923	–	–	–	–	–	–
Land			–	1 393	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals			–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class			252 614	216 725	210 410	281 797	313 341	313 341	279 801	305 559	324 408

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSET REGISTER SUMMARY - PPE (WDV)		5	5 687 345	5 431 568	6 499 960	6 478 509	6 478 509	5 561 745	6 652 719	6 750 660	6 960 000
Roads Infrastructure			701 892	1 577 565	1 283 101	77 000	99 200	99 200	62 600	98 000	91 000
Storm water Infrastructure			—	18 848	35 023	—	—	—	—	—	—
Electrical Infrastructure			869 219	1 712 003	2 999 467	5 938 489	5 903 598	4 986 835	6 119 123	6 378 650	6 571 000
Water Supply Infrastructure			555 587	649 788	705 038	135 000	96 743	96 743	97 400	65 000	85 000
Sanitation Infrastructure			238 225	75 873	86 858	53 010	82 074	82 074	65 810	73 000	88 000
Solid Waste Infrastructure			18 021	1 320	290	—	—	—	—	—	—
Rail Infrastructure			—	2 575	2 575	—	—	—	—	—	—
Coastal Infrastructure			2 795 386	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			5 178 329	4 037 972	5 112 352	6 203 499	6 181 615	5 264 852	6 344 933	6 614 650	6 835 000
Community Assets			88 117	291 548	275 320	—	11 200	11 200	32 775	16 000	—
Heritage Assets			10	10	10	10	10	10	10	10	—
Investment properties			300 653	168 005	100 370	275 000	275 000	275 000	275 000	120 000	125 000
Other Assets			99 723	10 372	11 790	—	—	—	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	3 964	—	—	—	—	—	—
Computer Equipment			1 065	12 861	(8 109)	—	—	—	—	—	—
Furniture and Office Equipment			—	15 911	30 553	—	10 683	10 683	—	—	—
Machinery and Equipment			—	6 608	7 464	—	—	—	—	—	—
Transport Assets			19 448	16 437	19 360	—	—	—	—	—	—
Land			—	871 844	946 886	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	5 687 345	5 431 568	6 499 960	6 478 509	6 478 509	5 561 745	6 652 719	6 750 660	6 960 000
EXPENDITURE OTHER ITEMS			579 708	571 154	568 744	577 710	598 566	598 566	567 145	589 454	604 196
Depreciation		7	458 952	474 336	474 165	490 000	490 000	490 000	475 000	491 790	498 796
Repairs and Maintenance by Asset Class		3	120 756	96 818	94 580	87 710	108 566	108 566	92 145	97 664	105 400
Roads Infrastructure			11 070	1 625	2 665	6 600	4 600	4 600	6 600	6 917	7 249
Electrical Infrastructure			22 000	26 410	38 881	26 000	33 950	33 950	31 200	32 698	34 267
Water Supply Infrastructure			44 550	54 283	37 618	35 800	51 174	51 174	31 200	32 698	37 267
Sanitation Infrastructure			27 000	7 694	12 405	10 000	10 055	10 055	13 000	13 672	14 376
Solid Waste Infrastructure			—	148	252	800	800	800	800	838	879
Information and Communication Infrastructure			—	257	—	3 000	1 000	1 000	1 500	2 096	2 197
Infrastructure			104 620	90 417	91 821	82 200	101 579	101 579	84 300	88 918	96 234
Community Facilities			5 250	2 588	745	2 600	2 600	2 600	2 100	2 725	2 856
Sport and Recreation Facilities			—	—	—	30	29	29	10	10	11
Community Assets			5 250	2 588	745	2 630	2 629	2 629	2 110	2 735	2 867
Operational Buildings			10 886	26	—	70	68	68	70	73	77
Housing			—	—	—	—	—	—	—	—	—
Other Assets			10 886	26	—	70	68	68	70	73	77
Machinery and Equipment			—	492	699	1 810	1 810	1 810	2 665	2 793	2 927
Transport Assets			—	3 294	1 314	1 000	2 480	2 480	3 000	3 144	3 295
TOTAL EXPENDITURE OTHER ITEMS			579 708	571 154	568 744	577 710	598 566	598 566	567 145	589 454	604 196
Renewal and upgrading of Existing Assets as % of total capex		0.0%		48.0%	35.5%	33.3%	33.7%	33.7%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%		21.9%	15.8%	19.1%	21.6%	21.6%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.1%		1.8%	1.8%	1.4%	1.8%	1.8%	1.4%	1.5%	1.5%
Renewal and upgrading and R&M as a % of PPE		2.0%		4.0%	3.0%	3.0%	3.0%	4.0%	1.0%	1.0%	2.0%

## Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
- The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog

**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

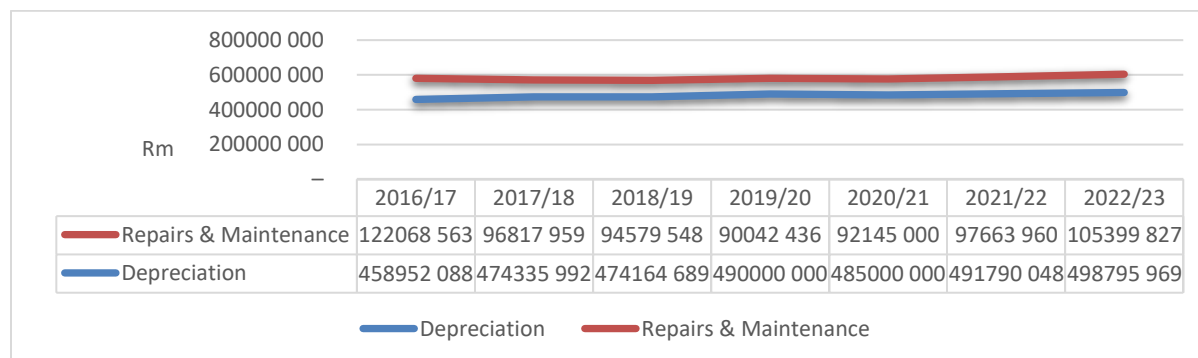


Table 27 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		365 689	365 689	400 474	421 298	421 298	421 298	444 049	468 027	492 006
Piped water inside yard (but not in dwelling)		73 520	73 520	79 519	83 654	83 654	83 654	88 171	92 933	97 694
Using public tap (at least min.service level)	2	16 325	16 325	17 878	18 807	18 807	18 807	19 823	20 894	21 964
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		455 534	455 534	497 871	523 760	523 760	523 760	552 043	581 853	611 664
Using public tap (< min.service level)	3	81 455	102 934	106 169	111 690	111 690	111 690	117 721	124 078	130 435
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		81 455	102 934	106 169	111 690	111 690	111 690	117 721	124 078	130 435
<b>Total number of households</b>	5	<b>536 989</b>	<b>558 468</b>	<b>604 040</b>	<b>635 450</b>	<b>635 450</b>	<b>635 450</b>	<b>669 764</b>	<b>705 931</b>	<b>742 098</b>
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		220 165	220 165	247 578	260 462	260 462	260 462	274 527	289 352	304 176
Flush toilet (with septic tank)		12 136	12 136	12 779	13 444	13 444	13 444	14 170	14 935	15 700
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		58 531	60 872	63 307	66 599	66 599	66 599	70 195	73 986	77 776
Other toilet provisions (> min.service level)		184 455	184 455	198 724	209 058	209 058	209 058	220 347	232 245	244 144
<i>Minimum Service Level and Above sub-total</i>		475 287	477 628	522 398	549 563	549 563	549 563	579 239	610 518	641 797
Bucket toilet		15 143	15 143	15 946	16 775	16 775	16 775	17 681	18 635	19 590
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		46 559	65 697	65 697	69 113	69 113	69 113	72 843	76 779	80 713
<i>Below Minimum Service Level sub-total</i>		61 702	80 840	81 643	85 888	85 888	85 888	90 526	95 414	100 303
<b>Total number of households</b>	5	<b>536 989</b>	<b>558 468</b>	<b>604 040</b>	<b>635 451</b>	<b>635 451</b>	<b>635 451</b>	<b>669 765</b>	<b>705 932</b>	<b>742 100</b>
<b>Energy:</b>										
Electricity (at least min.service level)		367 461	382 159	418 511	440 273	440 273	440 273	464 046	489 107	514 165
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		367 461	382 159	418 511	440 273	440 273	440 273	464 046	489 107	514 165
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		169 528	176 309	185 529	195 177	195 177	195 177	205 716	216 825	227 933
<i>Below Minimum Service Level sub-total</i>		169 528	176 309	185 529	195 177	195 177	195 177	205 716	216 825	227 933
<b>Total number of households</b>	5	<b>536 989</b>	<b>558 468</b>	<b>604 040</b>	<b>635 450</b>	<b>635 450</b>	<b>635 450</b>	<b>669 764</b>	<b>705 931</b>	<b>742 098</b>
<b>Refuse:</b>										
Removed at least once a week		138 221	138 221	151 369	159 240	159 240	159 240	167 839	176 902	185 965
<i>Minimum Service Level and Above sub-total</i>		138 221	138 221	151 369	159 240	159 240	159 240	167 839	176 902	185 965
Removed less frequently than once a week		6 980	6 980	7 644	8 041	8 041	8 041	8 475	8 933	9 391
Using communal refuse dump		15 196	15 196	16 642	17 507	17 507	17 507	18 452	19 449	20 445
Using own refuse dump		321 280	334 131	365 914	384 942	384 942	384 942	405 729	427 638	449 547
Other rubbish disposal		8 753	9 103	9 969	10 487	10 487	10 487	11 050	11 650	12 247
No rubbish disposal		46 559	54 837	52 503	55 233	55 233	55 233	58 216	61 359	64 503
<i>Below Minimum Service Level sub-total</i>		398 768	420 247	452 671	476 210	476 210	476 210	501 926	529 030	556 134
<b>Total number of households</b>	5	<b>536 989</b>	<b>558 468</b>	<b>604 040</b>	<b>635 450</b>	<b>635 450</b>	<b>635 450</b>	<b>669 765</b>	<b>705 932</b>	<b>742 099</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitre per household per month)		5 322	4 983	7 523	7 914	7 914	7 914	12 187	12 845	13 503
Sanitation (free minimum level service)		5 322	4 983	7 523	7 914	7 914	7 914	8 341	8 792	9 242
Electricity/other energy (50kwh per household per month)		18 900	25 350	7 523	7 914	7 914	7 914	8 341	8 792	9 242
Refuse (removed at least once a week)		5 322	4 983	7 523	7 914	7 914	7 914	8 341	8 792	9 242
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitre per indigent household per month)		600	600	5 005	2 501	2 501	2 501	1 501	1 573	1 649
Sanitation (free sanitation service to indigent households)		20	20	1 600	800	800	800	700	734	769
Electricity/other energy (50kwh per indigent household per month)		9 658	9 316	14 380	—	—	—	15	16	16
Refuse (removed once a week for indigent households)		500	500	1 800	1 800	1 800	1 800	1 800	1 886	1 977
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		—	—	—	—	—	—	—	—	—
<b>Total cost of FBS provided</b>		<b>10 778</b>	<b>10 436</b>	<b>22 785</b>	<b>5 101</b>	<b>5 101</b>	<b>5 101</b>	<b>4 016</b>	<b>4 209</b>	<b>4 411</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		35 808	37 605	60 000	63 120	63 120	63 120	66 528	70 121	73 714
Water (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		42	42	142	142	142	142	142	142	142
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		—	—	240	240	240	240	240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	51 248	89 145	113 438	25 901	25 901	27 918	29 258	30 662
Water (in excess of 6 kilolitre per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Total revenue cost of subsidised services provided</b>	6	<b>—</b>	<b>51 248</b>	<b>89 145</b>	<b>113 438</b>	<b>25 901</b>	<b>25 901</b>	<b>27 918</b>	<b>29 258</b>	<b>30 662</b>

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2019. Key dates applicable to the process were:

- **August 2019** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2020/21MTREF;
- **November 2019** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2020** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2020** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

- **January 2020** - Council considers the 2019/20 Mid-year Review and Adjustments Budget;
- **February 2020** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2020/21 MTREF is revised accordingly;
- **March 2020** - Tabling in Council of the Draft 2020/21 IDP and 2020/21 MTREF for public consultation;
- **April 2020** – Public and National and Provincial Treasury Consultation ;
- **May 2020** - Closing date for written comments;
- **May 2020** – finalisation of the 2020/21 IDP and 2020/21MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2020** - Tabling of the 2020/21 MTREF before Council for consideration and approval.

There has been deviations from the key dates set out in the Budget Time Schedule tabled in Council:

1. The municipality had to pass a special adjustment budget in November 2019 due the budget not been funded and also a financial plan was developed because the budget could be funded. The purpose of the financial plan was to assist municipality to achieve a funded budget.
2. Due to the special adjustment in November 2019 the municipality could not revise again the budget in February 2020.
3. A second special Adjustment was done in the month of June 2020 due to expenditure in relation to covid-19
4. During March 2020 the country went on lockdown due to corona virus pandemic, hence the mayor could not table the draft budget. The Draft budget was tabled in the beginning of June 2020 after lockdown regulation where eased.
5. Ward per ward community consultation could not be done due to lockdown regulations but what the municipality did was to advertise the Draft budget on local newspapers and all social media platforms that the municipality has access to. Written comments were received from the community.  
Provincial and national treasury consultation was also done.
6. The Final budget was also approved in the month of June 2020

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the last review of the IDP as adopted by Council in May 2015. It started in September 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:



- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93, 94, 98 and 99 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The Draft 2021/21 MTREF as tabled before Council on June 2020 for community consultation and ward based community consultation was not done but the budget was published on the municipality's website, local newspapers, social media, radio and hard copies were made available at customer care offices, municipal notice boards and various libraries. Wards community consultation was not held due to lockdown regulation.

Nevertheless we received community inputs through emails and radio interview. Submissions received during the community consultation process and additional information regarding revenue

and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2020/21 MTREF.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following table highlights the IDP's six strategic objectives or key performance areas for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 28 IDP Strategic Objectives**

KPA	KPA Description
KPA 1	TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT
KPA 2	GOOD GOVERNANCE
KPA 3	LOCAL ECONOMIC DEVELOPMENT
KPA 4	FINANCIAL VIABILITY
KPA 5	BASIC SERVICE DELIVERY AND INFRASTRUCTURE
KPA 6	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide city planning services; and
  - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective city cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Madibeng Local Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners. The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the SA 4, 5 and 6 tables below provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
				R thousand									
Sustainable Service - Electricity	Electricity	A		487 418	459 581	487 317	487 467	513 791	541 477	513 791	541 477	569 164	
Sustainable Service - Water	Water	A		149 884	163 445	172 811	183 938	193 799	204 227	193 799	204 227	214 655	
Sustainable Service - Sanitation	Sanitation	A		41 844	49 382	57 140	59 891	63 124	66 533	63 124	66 533	69 941	
Sustainable Service - Waste Management	Waste Management	A		39 160	69 650	59 500	59 787	63 015	66 417	63 015	66 417	69 820	
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		2 307	5 068	1 333	1 292	1 362	1 436	1 362	1 436	1 509	
Good Governance - Financial Management	Financial Management	B		911 673	883 629	982 404	1 017 263	1 110 064	1 213 142	1 110 064	1 213 142	1 316 220	
Good Governance - Human Resources	Human Resources	B		9 310	123	1 010	1 001	1 055	1 112	1 055	1 112	1 169	
Social Development	Arts, Culture, Sports And Recreation	B		202	186	71	60	63	66	63	66	70	
Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		13 001	23 372	11 000	14 000	14 756	15 222	14 756	15 222	15 688	
Sustainable Service - Community And Others	Community And Others	A		-	-	60	83	87	92	87	92	97	
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		251 826	143 828	80 036	286 070	260 426	111 818	381 577	418 892	433 768	
Environmental Management - Pollution	Pollution	A		2	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)				1	1 906 626	1 798 264	1 852 682	2 110 852	2 221 542	2 221 542	2 342 694	2 528 617	2 692 100

**Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
Sustainable Service - Electricity	Electricity	A		435 864	491 382	512 340	501 522	501 522	501 522	528 256	556 701	585 146	
Sustainable Service - Water	Water	A		200 303	248 808	198 199	225 344	225 344	225 344	236 691	248 570	260 449	
Sustainable Service - Sanitation	Sanitation	A		33 010	30 852	35 243	35 140	35 140	35 140	36 685	38 585	40 485	
Sustainable Service - Waste Management	Waste Management	A		69 840	67 929	70 336	56 988	56 988	56 988	56 701	56 915	57 130	
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		27 959	37 593	28 103	28 862	28 862	28 862	30 671	32 327	33 983	
Infrastructure - Land And Housing	Land And Housing	A		-	3 983	2 498	4 937	4 937	4 937	5 260	5 544	5 828	
Good Governance - Financial Management	Financial Management	B		1 156 123	630 708	2 046 851	1 254 076	1 155 456	1 155 456	1 220 695	1 270 038	1 292 074	
Good Governance - Human Resources	Audit	B		-	7 766	10 407	9 920	9 920	9 920	10 561	11 132	11 702	
Planning And Development	Planning And Development	B		26 868	47 968	40 327	45 165	45 165	45 165	48 096	50 693	53 291	
Social Development	Arts, Culture, Sports And Recreation	B		16 116	14 821	15 881	22 382	22 382	22 382	23 823	25 110	26 396	
Safety And Security	Road Safety, Fire And Disaster, Security	B		128 910	70 547	58 220	74 357	74 357	74 357	79 274	83 555	87 836	
Sustainable Service - Health	Health	A		5 753	6 134	1 054	7 277	7 277	7 277	7 759	8 178	8 597	
Sustainable Service - Community And Others	Community And Others	A		2 408	2 297	2 913	2 994	2 994	2 994	3 183	3 355	3 527	
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		72 920	372 524	62 438	64 023	136 344	136 344	78 661	89 081	97 900	
Environmental Management - Pollution	Pollution	A		7 676	694	866	722	722	722	770	812	853	
Council And Public Participation	Good Governance	A		85 245	80 765	85 536	90 029	90 029	90 029	95 388	100 539	105 690	
Allocations to other priorities													
Total Expenditure				1	2 268 996	2 114 770	3 171 212	2 423 738	2 397 440	2 397 440	2 462 474	2 581 135	2 670 888

**Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

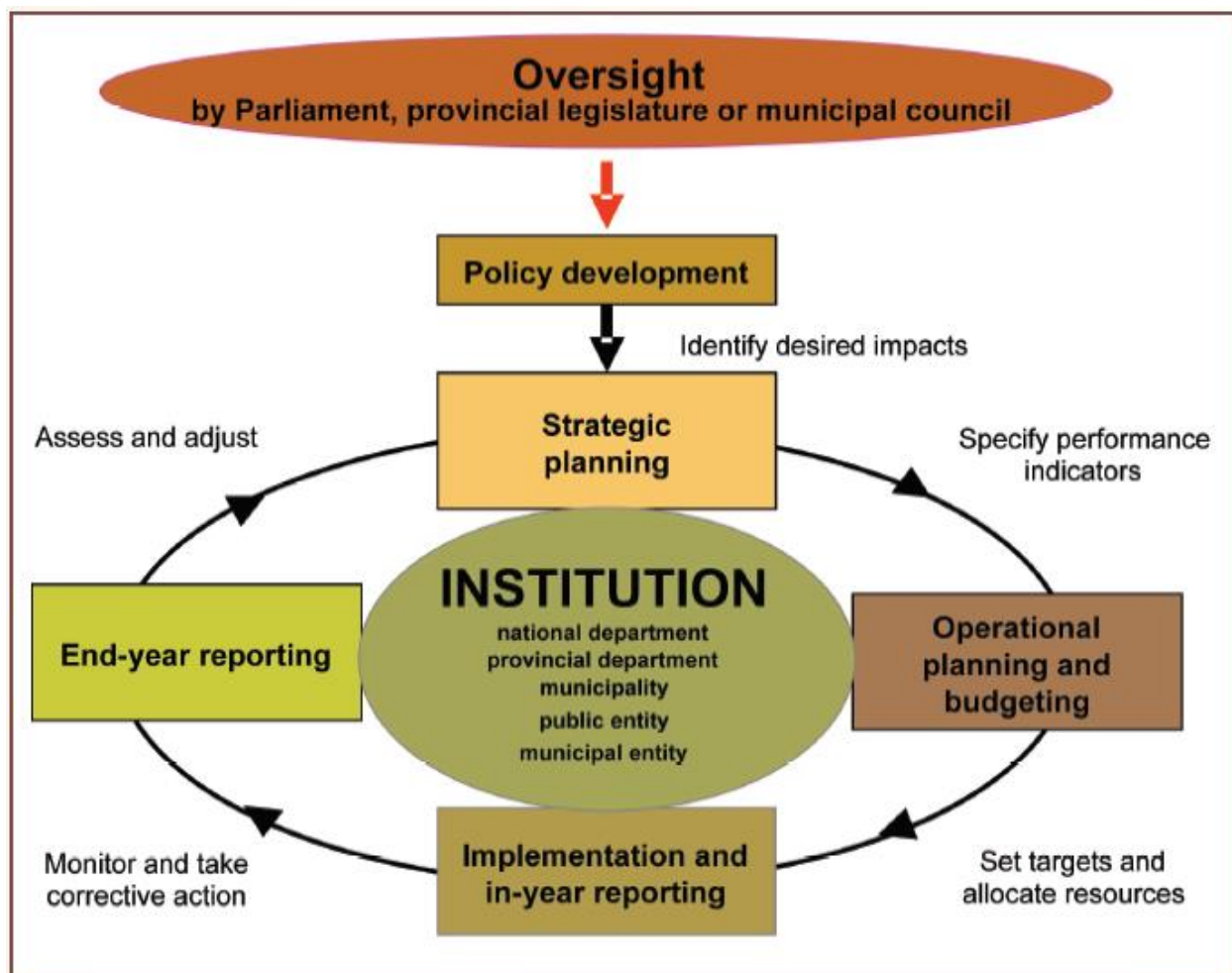
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
Sustainable Service - Electricity	Electricity	A		11 519	14 352	14 725	16 787	16 787	16 787	7 697	40 000	45 000	
Sustainable Service - Water	Water	A		75 640	77 158	120 000	135 000	135 000	135 000	97 400	65 000	85 000	
Sustainable Service - Sanitation	Sanitation	A		29 522	13 055	35 245	53 010	53 010	53 010	65 810	73 000	88 000	
Sustainable Service - Waste Management	Waste Management	A		-	1 035	-	-	-	-	-	-	-	
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		720	488	-	-	-	-	-	-	-	
Infrastructure - Land And Housing	Land And Housing	A		-	93	-	-	-	-	-	-	-	
Good Governance - Support Service	Support Service	B		-	-	-	-	-	-	-	-	-	
Good Governance - Financial Management	Financial Management	B		20 513	20 317	-	-	-	-	-	-	-	
Good Governance - Human Resources	Human Resources	B		-	-	-	-	-	-	-	-	-	
Planning And Development	Planning And Development	B		-	1 393	-	-	-	-	-	-	-	
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		2 010	924	9 500	-	-	-	13 626	-	-	
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		-	-	-	-	-	-	-	16 000	-	
Good Governance - Support Service	Audit	A		-	10	-	-	-	-	-	-	-	
Sustainable Service - Community And Others	Community And Others	A		12 522	-	-	-	-	-	32 668	13 559	15 408	
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		100 168	87 815	30 939	77 000	99 719	99 719	64 281	119 441	101 592	
Environmental Management - Pollution	Pollution	A		-	-	-	-	-	-	-	-	-	
Good Governance - Council And Public Participation	Good Governance	A		-	86	-	-	-	-	-	-	-	
Allocations to other priorities				3									
Total Capital Expenditure				1	252 614	216 725	210 410	281 797	304 516	304 516	281 482	327 000	335 000

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated

planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



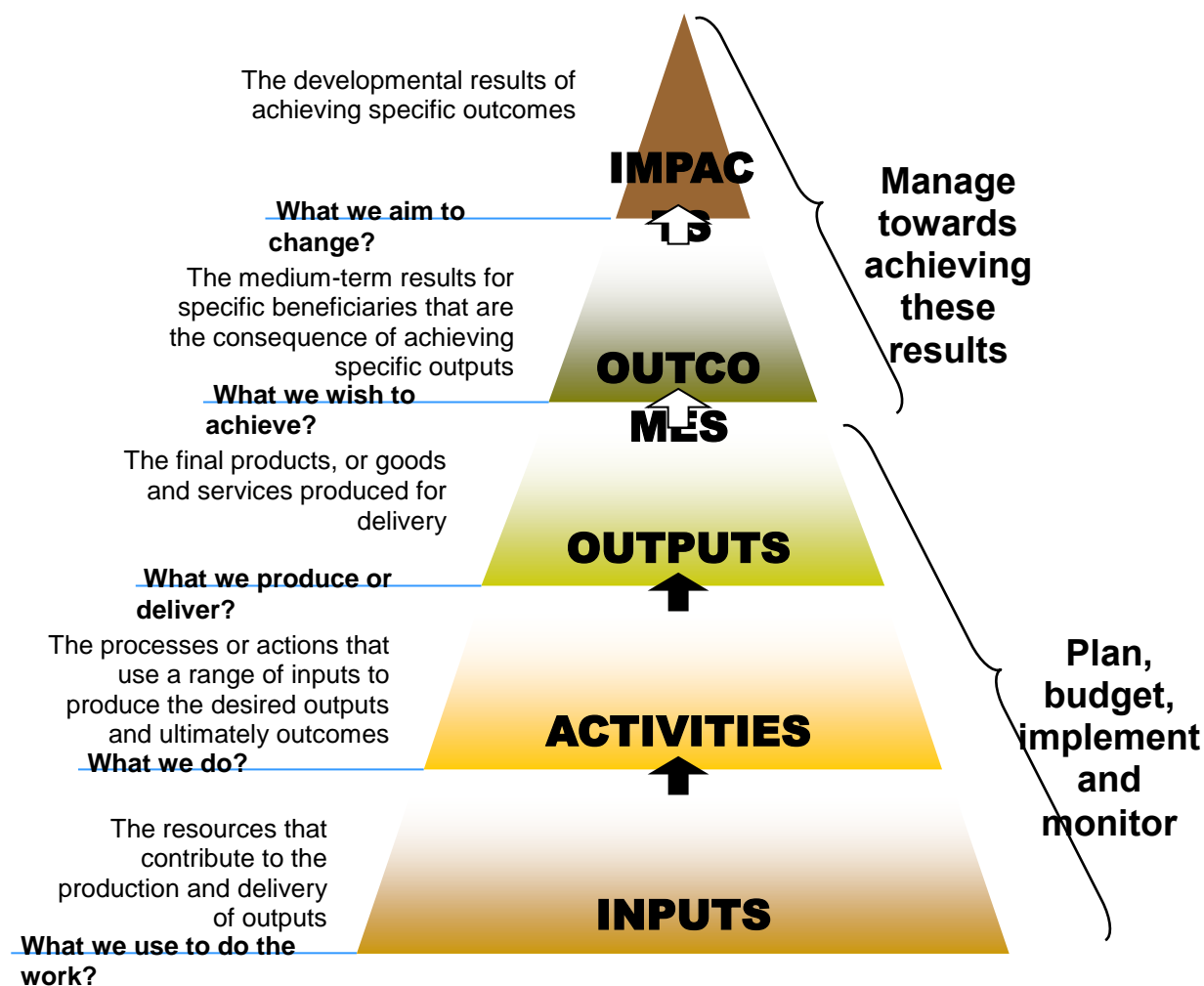
**Figure 5 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 6 Definition of performance information concepts**

SA7 table below illustrates Madibeng Local Municipality's measurable performance objectives and indicators.

Table 32 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>06 - Infrastructure And Technical Services</b>										
<b>Electricity</b>										
<b>Electricity Distribution</b>										
Electricity (At Least Min.Service Level)	Households	65	130	137	144	144	144	152	160	168
Electricity - Prepaid (Min.Service Level)	Households	(39)	65	69	72	72	72	76	80	84
Electricity/Other Energy	Rand Value	18 831	472 396	497 433	523 300	523 300	523 300	551 558	581 342	611 126
Electricity/Other Energy (50kwh Per Household Per Month)	Households	(9)	32	33	35	35	35	37	39	41
Electricity/Other Energy (50kwh Per Household Per Month)	Rand Value	18 831	11 874	12 503	13 153	13 153	13 153	13 864	14 612	15 361
Other Energy Sources	Households	-	-	-	-	-	-	-	-	-
Electricity distribution losses	Percentage	-	0	0	0	0	0	0	0	0
High mast lights energized	Number	-	0	0	0	0	0	0	0	0
<b>Waste Water Management</b>										
<b>Sewerage</b>										
Bucket Toilet	Households	(41)	6	6	6	6	6	7	7	7
Flush Toilet (Connected To Sewerage)	Households	44	44	46	48	48	48	51	54	57
Flush Toilet (With Septic Tank)	Households	2	80	84	89	89	89	93	98	103
No Toilet Provisions	Households	19	31	33	35	35	35	37	38	40
Sanitation	Rand Value	(1 195)	37 583	39 575	41 633	41 633	41 633	43 881	46 250	48 620
Sanitation (Free Minimum Level Service)	Households	7	7	7	8	8	8	8	9	9
Sanitation (Free Sanitation Service)	Rand Value	285	227	239	251	251	251	265	279	294
Number of new households connected to	Number		4	4	5	5	5	5	5	5
<b>Water</b>										
<b>Water Distribution</b>										
Households with access to basic level of	Number									
Piped Water Inside Dwelling	Households	10	36	38	40	40	40	42	44	46
Piped Water Inside Yard (But Not In Dwelling)	Households	101	98	103	109	109	109	115	121	127
Using Public Tap (< Min.Service Level)	Households	31	27	28	30	30	30	31	33	35
Using Public Tap (At Least Min.Service)	Households	(15)	-	-	-	-	-	-	-	-
Water	Rand Value	4 681	150 378	158 348	166 582	166 582	166 582	175 577	185 058	194 540
Water (6 Kilolitres Per Household Per Month)	Households	17	7	8	8	8	8	8	9	9
Water (6 Kilolitres Per Household Per Month)	Rand Value	449	422	445	468	468	468	493	520	546
<b>07 - Community Services</b>										
<b>Waste Management</b>										
<b>Solid Waste</b>										
No Rubbish Disposal	Households	30	113	118	125	125	125	131	138	146
Other Rubbish Disposal	Households	3	-	-	-	-	-	-	-	-
Refuse	Rand Value	4 385	32 553	34 278	36 061	36 061	36 061	38 008	40 060	42 113
Refuse (Removed At Least Once A Week)	Households	7	3 612	3 803	4 001	4 001	4 001	4 217	4 445	4 673
Refuse (Removed Once A Week)	Rand Value	4 385	41	44	46	46	46	48	51	54
Removed At Least Once A Week	Households	35	2	2	2	2	2	2	3	3
Removed Less Frequently Than Once A	Households	25	5	5	5	5	5	5	6	6
Using Communal Refuse Dump	Households	9	96	101	107	107	107	112	118	124
Using Own Refuse Dump	Households	192	-	-	-	-	-	-	-	-
<b>08 - Human Settlement</b>										
<b>Housing</b>										
<b>Housing</b>										
Property Rates (Other Exemptions)	Rand Value	60 600	-	-	-	-	-	-	-	-
Property Rates (R15 000 Threshold Rebate)	Rand Value	717	717	717	754	754	754	795	838	881



The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF.

**Table 33 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Borrowing Management</b>											
<b>Credit Rating</b>											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6,0%	6,4%	0,1%	5,8%	5,9%	5,9%	0,0%	5,5%	5,5%	5,3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11,9%	13,3%	0,4%	12,4%	11,6%	11,6%	0,0%	10,6%	10,6%	10,2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	554,2%	431,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0,8	1,0	0,6	1,2	1,3	1,4	0,7	2,0	1,8	1,8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	1,0	0,6	1,2	1,3	1,4	0,7	2,0	1,8	1,8
Liquidity Ratio	Monetary Assets/Current Liabilities	0,0	0,0	0,0	0,0	0,0	0,1	(0,1)	0,0	0,1	0,2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		54,0%	100,7%	66,6%	74,7%	69,2%	72,9%	56,4%	70,0%	75,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		55,7%	100,7%	66,6%	74,7%	69,2%	72,9%	56,4%	70,0%	75,0%	75,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	31,4%	88,0%	76,8%	44,8%	42,7%	42,7%	123,3%	43,5%	37,3%	32,9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		1893,0%	1655,0%	1220,4%	2339,5%	1326,5%	570,7%	3002,7%	6459,1%	1291,1%	507,2%
<b>Other Indicators</b>											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	23,9%	23,0%	28,0%	25,7%	24,5%	24,5%	34,3%	27,1%	26,6%	26,0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25,4%	24,7%	29,6%	27,5%	26,2%	26,2%		28,6%	28,2%	27,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7,3%	5,4%	5,1%	4,8%	5,7%	5,7%		4,5%	4,4%	4,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	35,9%	33,6%	25,9%	34,5%	32,8%	32,8%	0,0%	30,1%	28,8%	27,2%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	11,8	18,0	94,5	56,5	56,5	56,5	37,9	41,4	42,3	44,3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	54,9%	176,0%	158,2%	80,9%	75,0%	75,0%	202,7%	80,0%	70,2%	63,3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,3	0,3	0,4	0,1	0,2	0,5	0,3	0,0	0,2	0,5

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Madibeng Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Madibeng Local Municipality's creditworthiness does not allow it to borrow funds to fund capital expenditure. The following financial performance indicators have formed part of the compilation of the 2020/21 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.2 in the 2020/21 financial year and 1.6 and 2.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio was 0.2 and as part of the financial planning strategy it has been decreased to 0.1 in the 2020/21 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2020/21 financial year 2 484 registered indigents have been provided for in the budget with this figured increasing to 5 000 by 2021/22. This is due to the proper capturing of indigents on the municipality's indigent database. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### 2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 70 per cent of the Municipality's bulk water needs are generated from the Municipality's own purification plant, boreholes and small dams. The remaining 30 per cent is supplied by Rand Water in the form of purified water.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

## **2.4 Overview of budget related-policies**

The proposed amendments to the budget related policies are attached as **Annexure**

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in May 2019 has been reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.3 Budget Adjustment Policy**

The adjustment budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy has been reviewed and a new tender document has been developed. An amended policy has been considered by Council on 30 June 2020.

### **2.4.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

### **2.4.6 Cash Management and Investment Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2020/21 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2019/20 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);

- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers and the impact of covid-19 pandemic which forced the country to lockdown for more than 90 days. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.5.2 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.3 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.4 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. The percentage increase for year 1 (2018/19) was 7%, with CPI + 1.5% and CPI + 1.2% increment for outer years respectfully.

#### **2.5.5 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.5.6 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

### **2.6 Overview of budget funding**

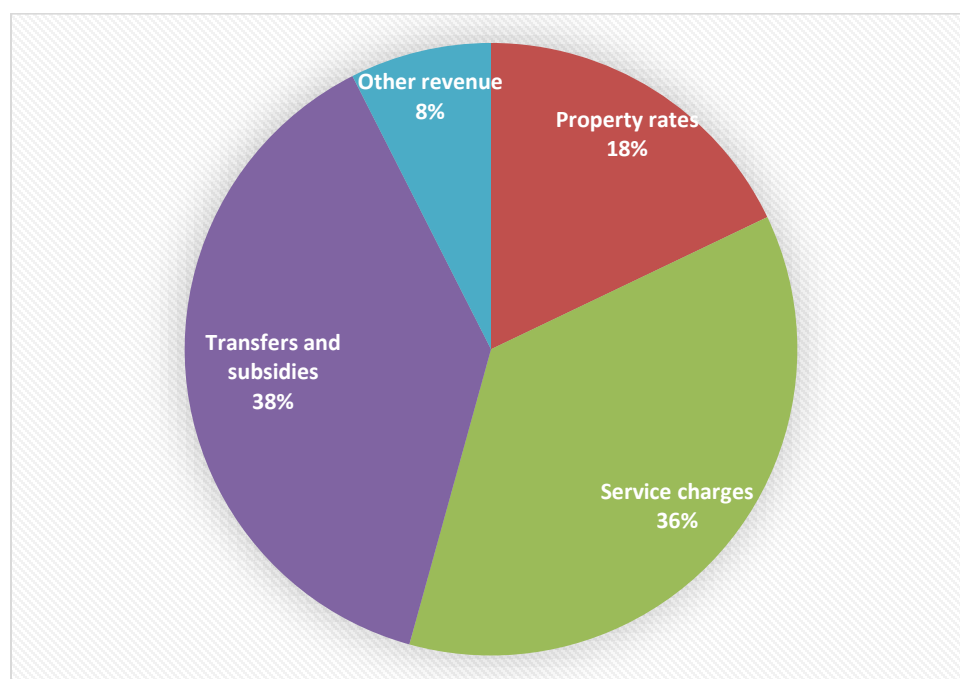
#### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 34 Breakdown of the operating revenue over the medium-term**

Description	2020/21 Medium Term Revenue & Expenditure Framework					
	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
<b>Revenue By Source</b>						
Property rates	369 015	18%	387 460	18%	406 901	17%
Service charges	750 150	36%	780 917	35%	818 401	35%
Transfers and subsidies	788 036	38%	871 836	40%	962 648	41%
Other revenue	154 011	7%	161 404	7%	169 151	7%
<b>Total Revenue</b>	<b>2 061 212</b>	<b>100%</b>	<b>2 201 617</b>	<b>100%</b>	<b>2 357 100</b>	<b>100%</b>
<b>Total Expenditure</b>	<b>2 462 474</b>		<b>2 581 135</b>		<b>2 670 888</b>	
Surplus/(Deficit)	<b>(401 263)</b>		<b>(379 519)</b>		<b>(309 587)</b>	

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

**Figure 7 Breakdown of operating revenue over the 2019/20MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;



- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

**Table 35 Proposed tariff increases over the medium-term**

Description	Approved Previous Year 2018/19	Approved Current Year 2019/20	MTREF		
			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates	0.0%	0%	0%	4,6%	4,6%
Electricity	6,84%	9,41%	6.22%	4,6%	4,6%
Water	5,30%	5.2%	4,5%	4,6%	4,6%
Sewerage	5,30%	5.2%	4,5%	4,6%	4,6%
Refuse Removal	5,30%	5.2%	4,5%	4,6%	4,6%
Surcharges	5,30%	5.2%	4,5%	4,6%	4,6%
Other services	5,30%	5.2%	4,5%	4,6%	4,6%

Revenue to be generated from property rates is R350 million in the 2019/20 financial year and increases to R369 million by 2020/21 which represents 18 per cent of the operating revenue base of the Municipality. It increases relatively over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2018/19 financial year, revenue from rates and services charges totaled R1.033 billion or 58 per cent. This decreases to R1.011 billion, R1.066 billion and R1.124 billion in the respective financial years of the MTREF.

The tables below provide detail investment information and investment particulars by maturity.

**Table 36 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits		13 817	21 516	52 502	22 800	32 800	72 800	12 800	33 900	81 000
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	13 817	21 516	52 502	22 800	32 800	72 800	12 800	33 900	81 000
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		13 817	21 516	52 502	22 800	32 800	72 800	12 800	33 900	81 000

**Table 37 MBRR SA16 – Investment particulars by maturity**

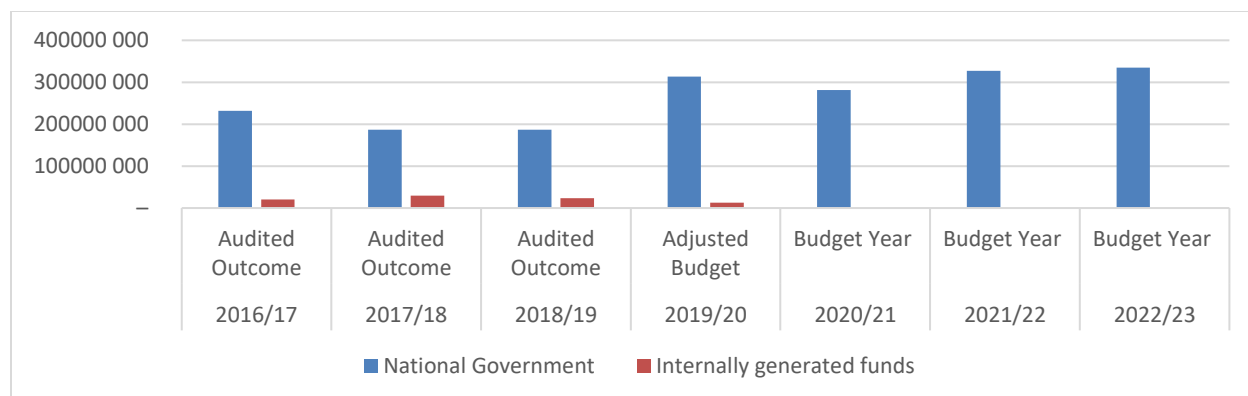
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months										
Parent municipality											
FNB	12 Months	Call Deposits	Yes	Fixed	5.5	N/A	56 632	16 168	(279 801)	279 801	72 800
Municipality sub-total							56 632		(279 801)	279 801	72 800
TOTAL INVESTMENTS AND INTEREST							56 632		(279 801)	279 801	72 800

**2.6.2 Medium-term outlook: capital revenue**

The following table is a breakdown of the funding composition of the 2020/210 medium-term capital programme:

**Table 38 Sources of capital revenue over the MTREF**

Vote Description	2016/17	2017/18	2018/19	2019/20	2020/21 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Funded by:</b>							
National Government	232 101	186 967	186 736	313 398	281 482	327 000	335 000
<b>Transfers recognised - capital</b>	232 101	186 967	186 736	313 398	281 482	327 000	335 000
<b>Internally generated funds</b>	20 513	29 758	23 674	12 455	-	-	-
<b>Total Capital Funding</b>	252 614	216 725	210 410	325 853	281 482	327 000	335 000



**Figure 8 Sources of capital revenue for the 2020/21 financial year**

The total funding source which represents R281 million for the 2020/21 financial year and steadily increase to R327 million in 2021/22.

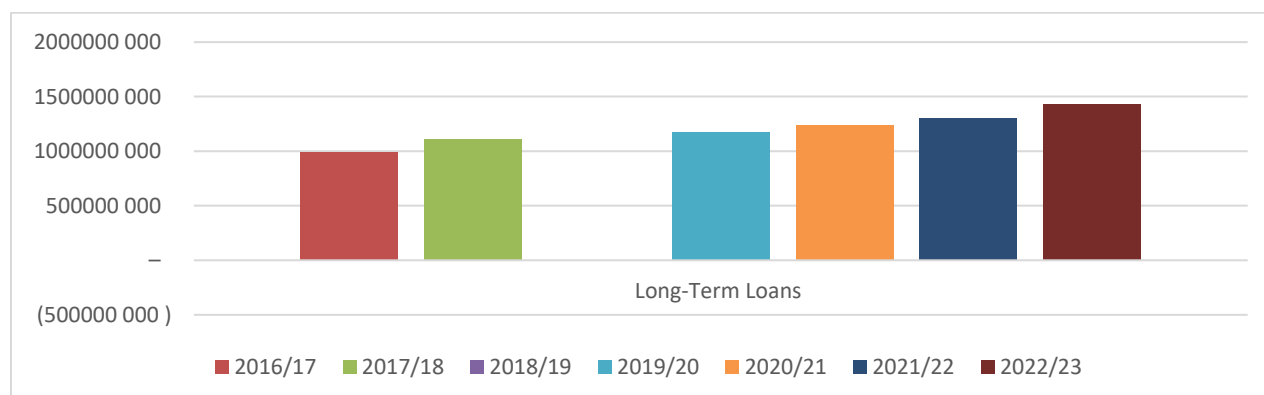
As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 39 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Parent municipality</u>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		986 965	1 115 456	(2 013)	1 171 342	1 171 342	1 171 342	1 236 937	1 301 258	1 365 578
<b>Total Borrowing</b>	1	986 965	1 115 456	(2 013)	1 171 342	1 171 342	1 171 342	1 236 937	1 301 258	1 365 578

The following graph illustrates the growth in outstanding borrowing for the 2016/17 to 2022/23 period.



**Figure 9 Growth in outstanding borrowing (long-term liabilities)**

**Table 40 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>Capital Transfers and Grants</b>										
National Government:		260 211	301 005	192 298	281 797	300 917	300 917	281 482	327 000	335 000
Integrated National Electrification Programme Grant		11 304	14 000	–	–	–	–	15 200	35 000	26 000
Municipal Infrastructure Grant		248 907	287 005	186 761	281 797	281 797	281 797	266 282	292 000	309 000
Water Services Infrastructure Grant		–	–	5 537	–	19 120	19 120	–	–	–
Total Capital Transfers and Grants	5	260 211	301 005	192 298	281 797	300 917	300 917	281 482	327 000	335 000

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 41 MBRR Table A7 - Budget cash flow statement**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		296 046	258 006	175 499	230 000	230 000	200 000	156 937	258 311	290 595	305 175
Service charges		227 842	646 403	421 053	526 000	526 000	596 000	397 294	525 105	585 688	613 801
Other revenue		32 132	36 225	31 995	29 512	65 512	65 512	9 592	18 487	19 375	20 305
Transfers and Subsidies - Operational	1	504 673	569 142	626 943	571 733	572 804	572 804	428 806	788 036	871 836	962 648
Transfers and Subsidies - Capital	1	263 056	212 007	248 918	301 005	301 005	301 005	106 603	281 482	327 000	335 000
Interest		99 646	90 896	56 620	10 500	20 000	20 000	57 537	29 367	30 762	31 467
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 200 077)	(1 592 069)	(1 315 453)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 657 274)	(1 773 601)	(1 885 119)
Finance charges		(116 410)	(127 974)	(4 699)	-	-	-	-	-	-	-
Transfers and Grants	1				(10 000)	(5 000)	(5 000)	(1 649)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		106 908	92 635	240 877	350 358	341 206	381 206	113 521	243 513	351 655	383 276
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		6 108							-	-	-
Decrease (increase) in non-currentreceivables		(16 378)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(132)	(253)	-	-	-	-	-	-	-	-
Payments											
Capital assets		(242 160)	(214 830)	(210 237)	(301 005)	(311 487)	(311 487)	(83 914)	(281 482)	(327 000)	(335 000)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(252 563)	(215 083)	(210 237)	(301 005)	(311 487)	(311 487)	(83 914)	(281 482)	(327 000)	(335 000)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		113 682	128 491	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(3 826)	(5 717)						-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		109 856	122 774	-	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		(35 799)	326	30 641	49 353	29 719	69 719	29 607	(37 969)	24 655	48 276
Cash/cash equivalents at the year begin:	2	69 155	33 366	58 530	(29 235)	484	484	484	43 895	5 926	30 580
Cash/cash equivalents at the year end:	2	33 357	33 692	89 171	20 118	30 203	70 203	30 091	5 926	30 580	78 857

The above table shows that cash and cash equivalents of the municipality was largely depleted the 2018/19 financial year moving from a positive cash balance of R93.8 million to a deficit of R-175 million with the approved 2018/19 MTREF. With the 2019/20 adjustments budget various cost efficiencies and savings had to be realised to ensure the municipality could meet its operational expenditure commitments.

In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the municipality and it is projected that cash and cash equivalents on hand will increase to R165.1 million by the financial year end. For the 2020/21 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R23.9 million by 2020/21 and steadily increasing to R117.9 million by 2022/23.

## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 42 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

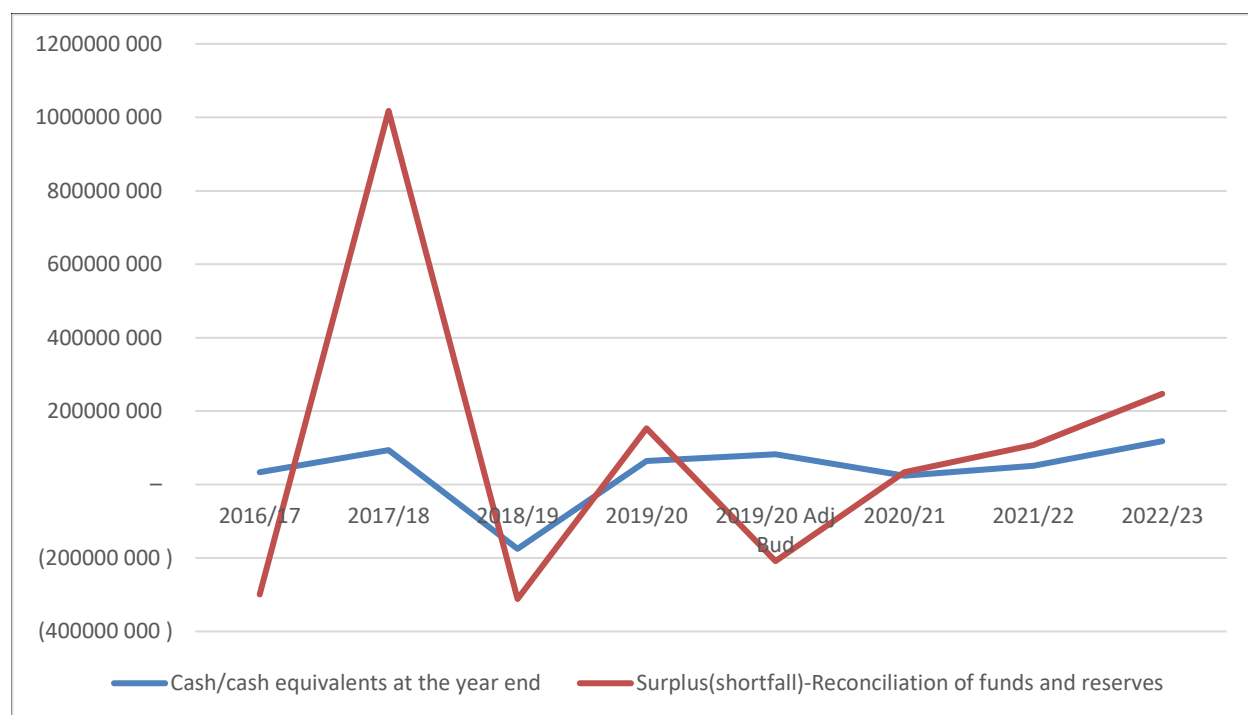
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	33 357	33 692	89 171	20 118	30 203	70 203	30 091	5 926	30 580	78 857
Other current investments > 90 days		9	(32 888)	(26 758)	-	-	-	(391 069)	-	-	-
Non current assets - Investments	1	12 785	12 757	11 543	12 800	12 800	12 800	5 829	12 800	12 900	13 000
<b>Cash and investments available:</b>		<b>46 151</b>	<b>13 560</b>	<b>73 956</b>	<b>32 918</b>	<b>43 003</b>	<b>83 003</b>	<b>(355 149)</b>	<b>18 726</b>	<b>43 480</b>	<b>91 857</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		327	987	16 903	-	-	-	57 014	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	378 204	(916 781)	176 147	(102 533)	(158 966)	(186 214)	(110 641)	(183 407)	(159 924)	(124 381)
Other provisions		178 224			129 731	200 800	200 800	200 800	200 800	200 800	200 800
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>556 754</b>	<b>(915 794)</b>	<b>193 050</b>	<b>27 198</b>	<b>41 834</b>	<b>14 586</b>	<b>147 172</b>	<b>17 393</b>	<b>40 876</b>	<b>76 419</b>
<b>Surplus(shortfall)</b>		<b>(510 603)</b>	<b>929 354</b>	<b>(119 093)</b>	<b>5 720</b>	<b>1 169</b>	<b>68 417</b>	<b>(502 321)</b>	<b>1 333</b>	<b>2 604</b>	<b>15 438</b>

From the above table it can be seen that the cash and investments available total R1.3 million in the 2020/21 financial year and progressively increase to R15.4 million by 2022/23, including the projected cash and cash equivalents as determined in the cash flow forecast.

It can be concluded that the Madibeng Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing progressively deteriorated over the period 2016/17 to 2019/20 escalating from R-332.3 million to R290.4 million in 2019/20. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the municipality. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium

term planning objectives. It is aimed that by 2022/23 the deficit would have been significantly reduced translating into a surplus of R128 million. It needs to be noted that for all practical purposes the 2019/20 MTREF is unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2020/21 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 43 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	33 357	33 692	89 171	20 118	30 203	70 203	30 091	5 926	30 580	78 857
Cash + investments at the yr end less applications - R'000	18(1)b	2	(510 603)	929 354	(119 093)	5 720	1 169	68 417	(502 321)	1 333	2 604	15 438
Cash year end/monthly employee/supplier payments	18(1)b	3	0,3	0,3	0,4	0,1	0,2	0,5	0,3	0,0	0,2	0,5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(10,5%)	(6,3%)	7,0%	1,9%	(6,0%)	(15,9%)	(3,5%)	(1,6%)	(1,1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	49,0%	93,1%	64,3%	69,9%	68,3%	71,6%	50,9%	63,2%	67,6%	67,6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	16,8%	(14,4%)	104,6%	27,2%	25,2%	25,2%	0,0%	17,9%	17,9%	17,9%
Capital payments % of capital expenditure	18(1)c,19	8	95,9%	99,1%	99,9%	106,8%	102,3%	102,3%	64,5%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	554,2%	431,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								99,7%	99,8%	99,8%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	206,5%	(10,4%)	(42,2%)	0,0%	0,0%	143,4%	9,3%	(8,4%)	(5,5%)
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2,1%	1,8%	1,8%	1,4%	1,8%	1,8%	1,7%	1,4%	1,5%	1,5%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	9,5%	0,4%	6,0%	6,1%	6,1%	0,0%	0,0%	0,0%	0,0%
<b>Total Operating Revenue</b>			1 644 870	1 798 264	1 847 145	1 829 055	1 920 625	1 920 625	1 618 067	2 061 212	2 201 617	2 357 100
<b>Total Operating Expenditure</b>			2 268 996	2 114 770	3 171 212	2 423 738	2 397 440	2 397 440	1 275 298	2 462 474	2 581 135	2 670 888
<b>Operating Performance Surplus/(Deficit)</b>			(624 126)	(316 507)	(1 324 068)	(594 683)	(476 814)	(476 814)	342 769	(401 263)	(379 518)	(313 787)
<b>Cash and Cash Equivalents (30 June 2012)</b>										5 926		
<b>Revenue</b>												
% Increase in Total Operating Revenue				9,3%	2,7%	(1,0%)	5,0%	0,0%	(15,8%)	7,3%	6,8%	7,1%
% Increase in Property Rates Revenue				(4,2%)	(2,8%)	7,7%	29,6%	0,0%	(8,6%)	5,4%	5,0%	5,0%
% Increase in Electricity Revenue				(4,8%)	(8,7%)	22,0%	0,0%	0,0%	(12,9%)	(1,2%)	3,7%	4,8%
% Increase in Property Rates & Services Charges				(4,5%)	(0,3%)	13,0%	7,9%	0,0%	(9,9%)	2,5%	4,4%	4,9%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				(6,8%)	50,0%	(23,6%)	(1,1%)	0,0%	(46,8%)	2,7%	4,8%	3,5%
% Increase in Employee Costs				5,6%	24,7%	(9,0%)	0,0%	0,0%	18,0%	18,9%	4,8%	4,8%
% Increase in Electricity Bulk Purchases				12,5%	46,5%	(22,7%)	(2,2%)	0,0%	(35,4%)	9,1%	4,2%	2,0%
Average Cost Per Budgeted Employee Position (Remuneration)					499995,9915	254191,4478				300593,1157		
Average Cost Per Councillor (Remuneration)					383337,5177	410390,6049				390532,6173		
R&M % of PPE			2,1%	1,8%	1,8%	1,4%	1,8%	1,8%		1,4%	1,5%	1,5%
Asset Renewal and R&M as a % of PPE			2,0%	4,0%	3,0%	3,0%	4,0%	4,0%		1,0%	1,0%	2,0%
Debt Impairment % of Total Billable Revenue			16,8%	(14,4%)	104,6%	27,2%	25,2%	25,2%	0,0%	17,9%	17,9%	17,9%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			20 513	29 758	23 648	-	12 599	12 599	5 624	-	-	-
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			232 101	186 967	186 761	281 797	291 917	291 917	124 553	281 482	327 000	335 000
Internally Generated funds % of Non Grant Funding			100,0%	100,0%	100,0%	0,0%	100,0%	100,0%	100,0%	0,0%	0,0%	0,0%
Borrowing % of Non Grant Funding			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grant Funding % of Total Funding			91,9%	86,3%	88,8%	100,0%	95,9%	95,9%	95,7%	100,0%	100,0%	100,0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			252 614	216 725	210 410	281 797	304 516	304 516	130 177	281 482	327 000	335 000
Asset Renewal			-	104 089	74 702	93 787	105 703	105 703	105 703	-	-	-
Asset Renewal % of Total Capital Expenditure			0,0%	48,0%	35,5%	33,3%	34,7%	34,7%	81,2%	0,0%	0,0%	0,0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			49,0%	93,1%	64,3%	69,9%	68,3%	71,6%	50,9%	63,2%	67,6%	67,6%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			6,0%	6,4%	0,1%	5,8%	5,9%	5,9%	0,0%	5,5%	5,5%	5,3%
Borrowing Receipts % of Capital Expenditure			554,2%	431,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Reserves</b>												
Surplus/(Deficit)			(510 603)	929 354	(119 093)	5 720	1 169	68 417	(502 321)	1 333	2 604	15 438
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			2,1%	1,8%	3,6%	0,7%	0,7%	0,7%		0,5%	0,5%	0,5%
Free Services as a % of Operating Revenue (excl operational transfers)			0,0%	5,0%	9,0%	10,0%	2,1%	2,1%		2,2%	2,2%	2,2%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			1 644 870	1 798 264	1 847 145	1 829 055	1 920 625	1 920 625	1 618 067	2 061 212	2 201 617	2 357 100
Total Operating Expenditure			2 268 996	2 114 770	3 171 212	2 423 738	2 397 440	2 397 440	1 275 298	2 462 474	2 581 135	2 670 888
Surplus/(Deficit) Budgeted Operating Statement			(624 126)	(316 507)	(1 324 068)	(594 683)	(476 814)	(476 814)	342 769	(401 263)	(379 518)	(313 787)
Surplus/(Deficit) Considering Reserves and Cash Backing			(510 603)	929 354	(119 093)	5 720	1 169	68 417	(502 321)	1 333	2 604	15 438
MTREF Funded (1) / Unfunded (0)		15	0	1	0	1	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✗	✓	✗	✓	✓	✓	✗	✓	✓	✓



#### *2.6.5.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF shows R23.9 million, R51.1 million and R117.9 million for each respective financial year.

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Tables above. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and

credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 74.7, 76.0 and 75.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 75 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 27.2, 22.0 and 16.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

#### *2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

### 2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 44 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		506 218	575 742	632 256	699 244	709 883	709 883	788 036	871 836	962 648
Equitable Share		503 048	567 442	624 943	695 606	695 606	695 606	770 767	855 477	941 140
Expanded Public Works Programme Integrated Grant		1 545	2 591	1 174	1 403	1 403	1 403	1 150	-	-
Local Government Financial Management Grant		1 625	1 700	1 770	2 235	2 235	2 235	2 600	2 800	3 100
Municipal Infrastructure Grant		-	4 009	4 369	-	9 000	9 000	13 519	13 559	15 408
Municipal Disaster Relief Grant						1 639	1 639			
Energy Efficiency and Demand Side Management Grant										3 000
Provincial Government:		1 000	1 000	916	-	985	985	-	-	-
Library Grant		1 000	1 000	916	-	985	985	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>507 218</b>	<b>576 742</b>	<b>633 172</b>	<b>699 244</b>	<b>710 868</b>	<b>710 868</b>	<b>788 036</b>	<b>871 836</b>	<b>962 648</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		260 211	301 005	192 298	281 797	300 917	300 917	281 482	327 000	335 000
Municipal Infrastructure Grant		248 907	287 005	186 761	281 797	281 797	281 797	266 282	292 000	309 000
Integrated National Electrification Programme		11 304	14 000	-	-	-	-	15 200	35 000	26 000
Water Services Infrastructure Grant		-	-	5 537	-	19 120	19 120	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>260 211</b>	<b>301 005</b>	<b>192 298</b>	<b>281 797</b>	<b>300 917</b>	<b>300 917</b>	<b>281 482</b>	<b>327 000</b>	<b>335 000</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>767 429</b>	<b>877 747</b>	<b>825 470</b>	<b>981 041</b>	<b>1 011 785</b>	<b>1 011 785</b>	<b>1 069 518</b>	<b>1 198 836</b>	<b>1 297 648</b>

**Table 45 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	(640)	-	-	-	-	-	-
Current year receipts		505 007	780 442	627 887	699 244	710 868	710 868	788 036	871 836	962 648
<b>Conditions met - transferred to revenue</b>		505 007	780 442	627 887	699 244	710 868	710 868	788 036	871 836	962 648
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		361	-	327	-	-	-	-	-	-
Current year receipts		1 000	1 000	916	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		1 000	673	226 845	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		361	327	(225 602)						
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		506 007	781 116	854 732	699 244	710 868	710 868	788 036	871 836	962 648
<b>Total operating transfers and grants - CTBM</b>	2	361	327	(225 602)	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		260 211	292 012	285 258	281 797	291 917	291 917	281 482	327 000	335 000
<b>Conditions met - transferred to revenue</b>		232 101	186 967	186 761	281 797	291 917	291 917	281 482	327 000	335 000
Conditions still to be met - transferred to liabilities		28 110	105 045	98 497	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		232 101	186 967	186 761	281 797	291 917	291 917	281 482	327 000	335 000
<b>Total capital transfers and grants - CTBM</b>	2	28 110	105 045	98 497	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		738 108	968 083	1 041 493	981 041	1 002 785	1 002 785	1 069 518	1 198 836	1 297 648
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		28 471	105 372	(127 105)	-	-	-	-	-	-

## 2.8 Councillor and employee benefits

**Table 45 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		14 672	-	-	-	-	-	-	-	-
Pension and UIF Contributions		2 215	1 541	1 704	1 762	1 762	1 762	1 900	1 991	2 087
Medical Aid Contributions		871	1 351	1 472	1 539	1 539	1 539	1 563	1 638	1 717
Motor Vehicle Allowance		6 047	-	-	-	-	-	-	-	-
Cellphone Allowance		1 651	3 471	3 593	3 471	3 471	3 471	3 597	3 770	3 951
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	24 168	24 281	26 469	26 469	26 469	24 573	26 800	28 087
<b>Sub Total - Councillors</b>		<b>25 456</b>	<b>30 531</b>	<b>31 050</b>	<b>33 242</b>	<b>33 242</b>	<b>33 242</b>	<b>31 633</b>	<b>34 200</b>	<b>35 841</b>
% increase	4		19,9%	1,7%	7,1%	-	-	(4,8%)	8,1%	4,8%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		7 241	4 001	4 241	5 706	5 706	5 706	5 892	6 175	6 472
Pension and UIF Contributions		447	533	555	776	776	776	776	813	852
Medical Aid Contributions		401	154	145	191	191	191	200	210	220
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	68	71	-	-	-	-	-	-
Motor Vehicle Allowance	3	63	684	763	1 031	1 031	1 031	1 066	1 117	1 171
Cellphone Allowance	3	76	55	58	79	79	79	110	115	121
Housing Allowances	3	3 423	8	7	5	5	5	5	5	5
Other benefits and allowances	3	-	429	1 606	645	645	645	591	620	649
Payments in lieu of leave		-	10	193	354	354	354	354	371	389
Long service awards		-	758	5 105	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	(4 672)	25 584	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>11 651</b>	<b>2 028</b>	<b>38 330</b>	<b>8 786</b>	<b>8 786</b>	<b>8 786</b>	<b>8 994</b>	<b>9 426</b>	<b>9 878</b>
% increase	4		(82,6%)	1 790,1%	(77,1%)	-	-	2,4%	4,8%	4,8%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		189 301	235 977	272 397	284 277	284 277	284 277	322 576	338 058	354 285
Pension and UIF Contributions		63 724	49 018	59 214	59 375	59 375	59 375	72 937	76 437	80 106
Medical Aid Contributions		29 545	26 634	30 765	29 651	29 651	29 651	40 259	42 191	44 216
Overtime		40 252	38 829	38 594	17 793	17 793	17 793	20 837	21 837	22 885
Performance Bonus		-	17 518	22 523	24 081	24 081	24 081	30 742	32 218	33 765
Motor Vehicle Allowance	3	19 554	24 327	25 169	26 107	26 107	26 107	30 264	31 716	33 239
Cellphone Allowance	3	2 970	220	285	310	310	310	300	314	329
Housing Allowances	3	1 427	2 083	2 319	2 407	2 407	2 407	2 844	2 980	3 123
Other benefits and allowances	3	32 661	7 201	6 270	4 370	4 470	4 470	10 605	11 114	11 647
Payments in lieu of leave		1 216	10 521	20 632	12 843	12 763	12 763	18 446	19 332	20 260
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>380 650</b>	<b>412 328</b>	<b>478 166</b>	<b>461 214</b>	<b>461 234</b>	<b>461 234</b>	<b>549 808</b>	<b>576 198</b>	<b>603 856</b>
% increase	4		8,3%	16,0%	(3,5%)	0,0%	-	19,2%	4,8%	4,8%
<b>Total Parent Municipality</b>		<b>417 757</b>	<b>444 888</b>	<b>547 546</b>	<b>503 242</b>	<b>503 262</b>	<b>503 262</b>	<b>590 436</b>	<b>619 823</b>	<b>649 575</b>
			6,5%	23,1%	(8,1%)	0,0%	-	17,3%	5,0%	4,8%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>417 757</b>	<b>444 888</b>	<b>547 546</b>	<b>503 242</b>	<b>503 262</b>	<b>503 262</b>	<b>590 436</b>	<b>619 823</b>	<b>649 575</b>
% increase	4		6,5%	23,1%	(8,1%)	0,0%	-	17,3%	5,0%	4,8%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>392 302</b>	<b>414 356</b>	<b>516 496</b>	<b>470 000</b>	<b>470 020</b>	<b>470 020</b>	<b>558 803</b>	<b>585 624</b>	<b>613 734</b>

**Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		329 793	113 949	329 793			773 535
Chief Whip			310 609	106 682	310 609			727 899
Executive Mayor			459 613	164 924	459 613			1 084 150
Deputy Executive Mayor			–	–	–			–
Executive Committee			3 455 152	1 076 493	3 455 152			7 986 797
Total for all other councillors			9 529 889	2 000 983	9 529 889			21 060 761
<b>Total Councillors</b>	8	–	14 085 056	3 463 031	14 085 056			31 633 142
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 304 908	251 750	416 814	–		1 973 472
Chief Finance Officer			573 427	90 502	213 660	–		877 590
Director Infrastructure Technical Services			573 427	90 502	213 660	–		877 590
Director Corporate Support Services			573 427	90 502	213 660	–		877 590
Director Human Settlement Planning			573 427	90 502	213 660	–		877 590
Director Community Services			573 427	90 502	213 660	–		877 590
Director Public Safety & Social Services			573 427	90 502	213 660	–		877 590
Director Economic Development Tourism & Agriculture			573 427	90 502	213 660	–		877 590
Chief Audit Executive			573 427	90 502	213 660	–		877 590
List of each official with packages >= senior manager								–
<b>Total Senior Managers of the Municipality</b>	8,10	–	5 892 327	975 767	2 126 094	–		8 994 188
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								–
<b>Total for municipal entities</b>	8,10	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	–	19 977 383	4 438 798	16 211 150	–		40 627 330

**Table 47 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		81	81	–	81	81	–	81	81	–
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	10	10	–	10	10	–	10	10	–
Other Managers	7									
Professionals		40	40	10	50	40	13	60	55	25
Finance		40	40	10	50	40	13	60	55	25
Technicians		1 350	651	–	1 458	651	–	1 458	651	–
Finance		50	50	–	58	50	–	58	50	–
Other		1 300	601	–	1 400	601	–	1 400	601	–
Clerks (Clerical and administrative)		301	301	–	301	301	–	301	301	–
Plant and Machine Operators		30	21	–	30	21	–	30	21	–
<b>TOTAL PERSONNEL NUMBERS</b>	9	1 812	1 104	10	1 930	1 104	13	1 940	1 119	25
% increase					6,5%	–	30,0%	0,5%	1,4%	92,3%
<b>Total municipal employees headcount</b>	6, 10	1 731	1 023	10	1 930	1 104	13	1 970	1 230	25
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

## 2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand																	
Revenue By Source																	
Property rates		30 751	30 751	30 751	30 751	30 751	30 751	30 751	30 751	30 751	30 751	30 751	30 751	369 015	387 460	406 901	
Service charges - electricity revenue		39 098	39 098	39 098	39 098	39 098	39 098	39 098	39 098	39 098	39 098	39 098	39 098	469 172	486 453	509 802	
Service charges - water revenue		14 072	14 072	14 072	14 072	14 072	14 072	14 072	14 072	14 072	14 072	14 072	14 072	168 860	176 966	185 460	
Service charges - sanitation revenue		4 589	4 589	4 589	4 589	4 589	4 589	4 589	4 589	4 589	4 589	4 589	4 589	55 070	57 713	60 483	
Service charges - refuse revenue		4 754	4 754	4 754	4 754	4 754	4 754	4 754	4 754	4 754	4 754	4 754	4 754	57 047	59 785	62 655	
Rental of facilities and equipment		86	86	86	86	86	86	86	86	86	86	86	86	1 034	1 084	1 136	
Interest earned - external investments		339	339	339	339	339	339	339	339	339	339	339	339	4 067	4 262	4 467	
Interest earned - outstanding debtors		10 955	10 955	10 955	10 955	10 955	10 955	10 955	10 955	10 955	10 955	10 955	10 955	131 457	137 767	144 380	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		42	42	42	42	42	42	42	42	42	42	42	42	500	524	549	
Licences and permits		100	100	100	100	100	100	100	100	100	100	100	100	1 199	1 257	1 317	
Agency services		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 576	13 180	
Transfers and subsidies		350 000				239 000				199 036			-	788 036	871 836	962 648	
Other revenue		313	313	313	313	313	313	313	313	313	313	313	313	3 754	3 934	4 123	
Gains		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Revenue (excluding capital transfers and contributions)		456 098	106 098	106 098	106 098	345 098	106 098	106 098	106 098	305 134	106 098	106 098	106 099	2 061 212	2 201 617	2 357 100	
Expenditure By Type																	
Employee related costs		46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 563	558 803	585 624	613 734	
Remuneration of councillors		2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	31 633	34 200	35 841	
Debt impairment		16 667	16 667	16 667	16 667	16 667	16 667	16 667	16 667	16 667	16 667	16 667	16 667	200 000	209 600	219 661	
Depreciation & asset impairment		40 417	40 417	40 417	40 417	40 417	40 417	40 417	40 417	40 417	40 417	40 417	40 417	485 000	491 790	498 796	
Finance charges		11 292	11 292	11 292	11 292	11 292	11 292	11 292	11 292	11 292	11 292	11 292	11 292	135 500	141 244	142 312	
Bulk purchases		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	600 000	625 760	641 982	
Other materials		1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	23 596	23 877	25 114	
Contracted services		18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	227 834	250 453	264 913	
Transfers and subsidies		392	392	392	392	392	392	392	392	392	392	392	392	4 700	4 900	5 000	
Other expenditure		16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 283	195 409	213 688	223 534	
Losses		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Expenditure		205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 200	2 462 474	2 581 135	2 670 888	
Surplus/(Deficit)		250 891	(99 109)	(99 109)	(99 109)	139 891	(99 109)	(99 109)	(99 109)	99 927	(99 109)	(99 109)	(99 102)	(401 263)	(379 518)	(313 787)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	93 827			-	281 482	327 000	335 000	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													-	-	-	-	
Transfers and subsidies - capital (in-kind - all)													-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		274 348	(75 652)	(75 652)	(75 652)	163 348	(75 652)	(75 652)	(75 652)	193 754	(99 109)	(99 109)	(99 102)	(119 780)	(52 518)	21 213	
Taxation													-	-	-	-	
Attributable to minorities													-	-	-	-	
Share of surplus/ (deficit) of associate													-	-	-	-	
Surplus/(Deficit)		1	274 348	(75 652)	(75 652)	(75 652)	163 348	(75 652)	(75 652)	(75 652)	193 754	(99 109)	(99 109)	(99 102)	(119 780)	(52 518)	21 213

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 683	1 196 190	1 302 128	1 410 238
Vote 06 - Infrastructure And Technical Services		88 183	88 183	88 183	88 183	88 183	88 183	88 183	88 183	88 183	88 183	88 183	88 183	1 058 195	1 135 146	1 186 136
Vote 07 - Community Services		5 906	5 906	5 906	5 906	5 906	5 906	5 906	5 906	5 906	5 906	5 906	5 906	70 868	74 270	77 835
Vote 08 - Human Settlement		207	207	207	207	207	207	207	207	207	207	207	207	2 481	2 600	2 725
Vote 09 - Economic Dev, Tourism & Agriculture		112	112	112	112	112	112	112	112	112	112	112	112	1 348	208	218
Vote 10 - Public Safety, Fleet And Facilities Management		1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	13 611	14 264	14 949
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 224</b>	<b>195 225</b>	<b>2 342 694</b>	<b>2 528 617</b>	<b>2 692 100</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 01 - Executive Council		5 615	5 615	5 615	5 615	5 615	5 615	5 615	5 615	5 615	5 615	5 615	5 615	67 382	73 881	77 428
Vote 02 - Municipal Manager		393	393	393	393	393	393	393	393	393	393	393	393	4 720	4 999	5 239
Vote 03 - Chief Operating Officer		2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 283	27 406	29 224	30 627
Vote 04 - Corporate Support Services		6 653	6 653	6 653	6 653	6 653	6 653	6 653	6 653	6 653	6 653	6 653	6 652	79 832	85 338	89 137
Vote 05 - Budget And Treasury Office		76 201	76 201	76 201	76 201	76 201	76 201	76 201	76 201	76 201	76 201	76 201	76 200	914 410	951 214	973 410
Vote 06 - Infrastructure And Technical Services		72 876	72 876	72 876	72 876	72 876	72 876	72 876	72 876	72 876	72 876	72 876	72 875	874 516	918 832	953 464
Vote 07 - Community Services		14 637	14 637	14 637	14 637	14 637	14 637	14 637	14 637	14 637	14 637	14 637	14 636	175 644	184 931	193 759
Vote 08 - Human Settlement		2 568	2 568	2 568	2 568	2 568	2 568	2 568	2 568	2 568	2 568	2 568	2 567	30 811	32 346	33 899
Vote 09 - Economic Dev, Tourism & Agriculture		1 291	1 291	1 291	1 291	1 291	1 291	1 291	1 291	1 291	1 291	1 291	1 291	15 492	16 311	17 092
Vote 10 - Public Safety, Fleet And Facilities Management		20 993	20 993	20 993	20 993	20 993	20 993	20 993	20 993	20 993	20 993	20 993	20 992	251 910	262 695	274 444
Vote 11 - Internal Audit		935	935	935	935	935	935	935	935	935	935	935	935	11 216	11 791	12 357
Vote 12 - Risk Management		761	761	761	761	761	761	761	761	761	761	761	761	9 134	9 573	10 032
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 207</b>	<b>205 200</b>	<b>2 462 474</b>	<b>2 581 135</b>	<b>2 670 888</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 975)</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 982)</b>	<b>(9 975)</b>	<b>(119 780)</b>	<b>(52 518)</b>	<b>21 213</b>



Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>																
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 683	1 196 190	1 302 128	1 410 238
Executive and council		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance and administration		99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 682	99 683	1 196 190	1 302 128	1 410 238
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		128	128	128	128	128	128	128	128	128	128	128	128	1 537	1 611	1 688
Community and social services		81	81	81	81	81	81	81	81	81	81	81	81	973	1 020	1 069
Sport and recreation		5	5	5	5	5	5	5	5	5	5	5	5	57	60	62
Public safety		42	42	42	42	42	42	42	42	42	42	42	42	507	531	557
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		24 719	24 719	24 719	24 719	24 719	24 719	24 719	24 719	24 719	24 719	24 719	24 719	296 631	321 991	341 629
Planning and development		23 636	23 636	23 636	23 636	23 636	23 636	23 636	23 636	23 636	23 636	23 636	23 636	283 631	308 367	327 351
Road transport		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 624	14 278
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		70 686	70 686	70 686	70 686	70 686	70 686	70 686	70 686	70 686	70 686	70 686	70 686	848 232	902 778	938 431
Energy sources		41 686	41 686	41 686	41 686	41 686	41 686	41 686	41 686	41 686	41 686	41 686	41 687	500 238	538 080	556 228
Water management		17 445	17 445	17 445	17 445	17 445	17 445	17 445	17 445	17 445	17 445	17 445	17 445	209 337	219 385	229 916
Waste water management		5 735	5 735	5 735	5 735	5 735	5 735	5 735	5 735	5 735	5 735	5 735	5 735	68 819	72 122	75 584
Waste management		5 820	5 820	5 820	5 820	5 820	5 820	5 820	5 820	5 820	5 820	5 820	5 820	69 838	73 190	76 703
<b>Other</b>		9	9	9	9	9	9	9	9	9	9	9	9	104	109	114
<b>Total Revenue - Functional</b>		195 224	195 224	195 224	195 224	195 224	195 224	195 224	195 224	195 224	195 224	195 224	195 225	2 342 694	2 528 617	2 692 100
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		106 199	106 199	106 199	106 199	106 199	106 199	106 199	106 199	106 199	106 199	106 199	106 196	1 274 384	1 333 618	1 373 017
Executive and council		7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 570	90 855	98 574	103 306
Finance and administration		97 693	97 693	97 693	97 693	97 693	97 693	97 693	97 693	97 693	97 693	97 693	97 691	1 172 314	1 223 253	1 257 354
Internal audit		935	935	935	935	935	935	935	935	935	935	935	935	11 216	11 791	12 357
<b>Community and public safety</b>		13 264	13 264	13 264	13 264	13 264	13 264	13 264	13 264	13 264	13 264	13 264	13 263	159 168	166 108	174 028
Community and social services		2 979	2 979	2 979	2 979	2 979	2 979	2 979	2 979	2 979	2 979	2 979	2 978	35 743	36 693	38 401
Sport and recreation		3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 272	3 271	39 259	41 167	43 143
Public safety		5 912	5 912	5 912	5 912	5 912	5 912	5 912	5 912	5 912	5 912	5 912	5 911	70 941	74 367	77 937
Housing		472	472	472	472	472	472	472	472	472	472	472	472	5 663	5 956	6 242
Health		630	630	630	630	630	630	630	630	630	630	630	630	7 561	7 924	8 305
<b>Economic and environmental services</b>		11 424	11 424	11 424	11 424	11 424	11 424	11 424	11 424	11 424	11 424	11 424	11 423	137 083	143 693	151 786
Planning and development		5 198	5 198	5 198	5 198	5 198	5 198	5 198	5 198	5 198	5 198	5 198	5 197	62 375	64 855	69 164
Road transport		6 161	6 161	6 161	6 161	6 161	6 161	6 161	6 161	6 161	6 161	6 161	6 160	73 928	78 022	81 767
Environmental protection		65	65	65	65	65	65	65	65	65	65	65	65	779	817	856
<b>Trading services</b>		74 054	74 054	74 054	74 054	74 054	74 054	74 054	74 054	74 054	74 054	74 054	74 052	888 641	934 328	968 505
Energy sources		45 090	45 090	45 090	45 090	45 090	45 090	45 090	45 090	45 090	45 090	45 090	45 090	541 084	564 540	580 824
Water management		18 374	18 374	18 374	18 374	18 374	18 374	18 374	18 374	18 374	18 374	18 374	18 374	220 490	235 886	247 304
Waste water management		3 925	3 925	3 925	3 925	3 925	3 925	3 925	3 925	3 925	3 925	3 925	3 925	47 098	49 466	51 888
Waste management		6 664	6 664	6 664	6 664	6 664	6 664	6 664	6 664	6 664	6 664	6 664	6 664	79 968	84 436	88 489
<b>Other</b>		267	267	267	267	267	267	267	267	267	267	267	266	3 198	3 388	3 551
<b>Total Expenditure - Functional</b>		205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 207	205 200	2 462 474	2 581 135	2 670 888
<b>Surplus/(Deficit) before assoc.</b>		(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 975)	(119 780)	(52 518)	21 213
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	1	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 982)	(9 975)	(119 780)	(52 518)	21 213

**Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>																
<b>Single-year expenditure to be appropriated</b>																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		21 346	21 346	21 346	21 346	21 346	21 346	21 346	21 346	21 346	21 346	21 346	21 346	256 149	311 000	335 000
Vote 07 - Community Services		976	976	976	976	976	976	976	976	976	976	976	976	11 708	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	13 626	16 000	-
Vote 10 - Public Safety, Fleet And Facilities Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000
<b>Total Capital Expenditure</b>	2	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>																
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		976	976	976	976	976	976	976	976	976	976	976	976	11 708	-	-
Community and social services		976	976	976	976	976	976	976	976	976	976	976	976	11 708	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 972	6 972	6 972	6 972	6 972	6 972	6 972	6 972	6 972	6 972	6 972	6 972	83 668	114 000	91 000
Planning and development		1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	1 135	13 626	16 000	-
Road transport		5 837	5 837	5 837	5 837	5 837	5 837	5 837	5 837	5 837	5 837	5 837	5 837	70 042	98 000	91 000
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 509	15 509	15 509	15 509	15 509	15 509	15 509	15 509	15 509	15 509	15 509	15 509	186 107	213 000	244 000
Energy sources		1 908	1 908	1 908	1 908	1 908	1 908	1 908	1 908	1 908	1 908	1 908	1 908	22 897	75 000	71 000
Water management		8 117	8 117	8 117	8 117	8 117	8 117	8 117	8 117	8 117	8 117	8 117	8 117	97 400	65 000	85 000
Waste water management		5 484	5 484	5 484	5 484	5 484	5 484	5 484	5 484	5 484	5 484	5 484	5 484	65 810	73 000	88 000
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000
<b>Funded by:</b>																
National Government		23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash Receipts By Source</b>													1		
Property rates	21 526	21 526	21 526	21 526	21 526	21 526	21 526	21 526	21 526	21 526	21 526	21 526	258 311	290 595	305 175
Service charges - electricity revenue	27 368	27 368	27 368	27 368	27 368	27 368	27 368	27 368	27 368	27 368	27 368	27 368	328 421	364 840	382 352
Service charges - water revenue	9 850	9 850	9 850	9 850	9 850	9 850	9 850	9 850	9 850	9 850	9 850	9 850	118 202	132 724	139 095
Service charges - sanitation revenue	3 212	3 212	3 212	3 212	3 212	3 212	3 212	3 212	3 212	3 212	3 212	3 212	38 549	43 285	45 362
Service charges - refuse revenue	3 328	3 328	3 328	3 328	3 328	3 328	3 328	3 328	3 328	3 328	3 328	3 328	39 933	44 839	46 991
Rental of facilities and equipment	86	86	86	86	86	86	86	86	86	86	86	86	1 034	1 084	1 136
Interest earned - external investments	339	339	339	339	339	339	339	339	339	339	339	339	4 067	4 262	4 467
Interest earned - outstanding debtors	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	25 300	26 500	27 000
Fines, penalties and forfeits	42	42	42	42	42	42	42	42	42	42	42	42	500	524	549
Licences and permits	100	100	100	100	100	100	100	100	100	100	100	100	1 199	1 257	1 317
Agency services	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 576	13 180
Transfers and Subsidies - Operational	350 000				239 000				199 036				788 036	871 836	962 648
Other revenue	313	313	313	313	313	313	313	313	313	313	313	313	3 754	3 934	4 123
<b>Cash Receipts by Source</b>	<b>419 272</b>	<b>69 272</b>	<b>69 272</b>	<b>69 272</b>	<b>308 272</b>	<b>69 272</b>	<b>69 272</b>	<b>69 272</b>	<b>268 308</b>	<b>69 272</b>	<b>69 272</b>	<b>69 272</b>	<b>1 619 305</b>	<b>1 798 256</b>	<b>1 933 395</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	93 827				281 482	327 000	335 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-		
Proceeds on Disposal of Fixed and Intangible Assets													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits													-		
Decrease (increase) in non-current receivables													-		
Decrease (increase) in non-current investments													-		
<b>Total Cash Receipts by Source</b>	<b>442 729</b>	<b>92 729</b>	<b>92 729</b>	<b>92 729</b>	<b>331 729</b>	<b>92 729</b>	<b>92 729</b>	<b>92 729</b>	<b>362 136</b>	<b>69 272</b>	<b>69 272</b>	<b>69 272</b>	<b>1 900 788</b>	<b>2 125 256</b>	<b>2 268 395</b>
<b>Cash Payments by Type</b>															
Employee related costs	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 567	46 563	558 803	585 624	613 734
Remuneration of councillors	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	2 636	31 633	34 200	35 841
Finance charges													-		
Bulk purchases - Electricity	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	480 000	500 000	510 186
Bulk purchases - Water & Sewer	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	120 000	125 760	131 796
Other materials	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	1 966	23 596	23 877	25 114
Contracted services	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	18 986	227 834	250 453	264 913
Other expenditure	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 284	16 283	195 409	213 688	223 534
<b>Cash Payments by Type</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 440</b>	<b>136 434</b>	<b>1 637 274</b>	<b>1 733 601</b>	<b>1 805 119</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	23 457	281 482	327 000	335 000
Repayment of borrowing													-		
Other Cash Flows/Payments	5 000	3 000	2 000	2 000	2 000	2 000	2 000	2 000					20 000	40 000	80 000
<b>Total Cash Payments by Type</b>	<b>164 897</b>	<b>162 897</b>	<b>161 897</b>	<b>161 897</b>	<b>161 897</b>	<b>161 897</b>	<b>161 897</b>	<b>161 897</b>	<b>159 897</b>	<b>159 897</b>	<b>159 897</b>	<b>159 891</b>	<b>1 938 757</b>	<b>2 100 601</b>	<b>2 220 119</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>277 832</b>	<b>(70 168)</b>	<b>(69 168)</b>	<b>(69 168)</b>	<b>169 832</b>	<b>(69 168)</b>	<b>(69 168)</b>	<b>(69 168)</b>	<b>202 239</b>	<b>(90 624)</b>	<b>(90 624)</b>	<b>(90 618)</b>	<b>(37 969)</b>	<b>24 655</b>	<b>48 276</b>
Cash/cash equivalents at the month/year begin:	43 895	321 727	251 559	182 392	113 224	283 057	213 889	144 722	75 554	277 793	187 168	96 544	43 895	5 926	30 580
Cash/cash equivalents at the month/year end:	321 727	251 559	182 392	113 224	283 057	213 889	144 722	75 554	277 793	187 168	96 544	5 926	5 926	30 580	78 857

## 2.10 Annual budgets and SDBIPs – internal departments

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

## 2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		224 024	90 213	111 650	188 010	188 010	188 010	233 507	276 000	309 000
Roads Infrastructure		95 245	–	–	–	–	–	62 600	98 000	91 000
Roads		95 245						62 600	98 000	91 000
Electrical Infrastructure		22 000	–	–	–	–	–	7 697	40 000	45 000
MV Networks		22 000						7 697	40 000	45 000
Water Supply Infrastructure		86 271	77 158	87 610	135 000	135 000	135 000	97 400	65 000	85 000
Distribution		86 271	77 158	82 073	135 000	135 000	135 000	97 400	65 000	85 000
Sanitation Infrastructure		20 509	13 055	24 040	53 010	53 010	53 010	65 810	73 000	88 000
Waste Water Treatment Works		20 509	13 055	24 040	45 500	45 500	45 500	65 810	73 000	88 000
Outfall Sewers		–	–	–	1 200	1 200	1 200	–	–	–
Toilet Facilities		–	–	–	6 310	6 310	6 310	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		25 189	–	409	–	9 200	9 200	46 294	29 559	15 408
Community Facilities		11 098	–	–	–	–	–	46 294	29 559	15 408
Testing Stations								–	16 000	–
Libraries		1 990						11 708	–	–
Markets								13 519	13 559	15 408
Stalls		–	–	–	–	–	–	13 626	–	–
Taxi Ranks/Bus Terminals								7 442	–	–
Sport and Recreation Facilities		14 091	–	409	–	9 200	9 200	–	–	–
Outdoor Facilities		14 091	–	409	–	9 200	9 200	–	–	–
<b>Furniture and Office Equipment</b>		1 585	4 593	19 869	–	10 429	10 429	–	–	–
Furniture and Office Equipment		1 585	4 593	19 869	–	10 429	10 429	–	–	–
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>252 614</b>	<b>112 636</b>	<b>135 708</b>	<b>188 010</b>	<b>207 639</b>	<b>207 639</b>	<b>279 801</b>	<b>305 559</b>	<b>324 408</b>

**Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	15 381	795	16 787	18 703	18 703	-	-	-
Electrical Infrastructure		-	14 352	795	16 787	18 703	18 703	-	-	-
LV Networks		-	14 352	795	16 787	18 703	18 703	-	-	-
Solid Waste Infrastructure		-	1 029	-	-	-	-	-	-	-
Landfill Sites		-	1 029	-	-	-	-	-	-	-
<b>Community Assets</b>		-	5 292	-	-	-	-	-	-	-
Community Facilities		-	5 292	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	5 292	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>-</b>	<b>20 673</b>	<b>795</b>	<b>16 787</b>	<b>18 703</b>	<b>18 703</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Renewal of Existing Assets as % of total capex</b>		0,0%	9,5%	0,4%	6,0%	6,0%	6,0%	0,0%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn</b>		0,0%	4,4%	0,2%	3,4%	3,8%	3,8%	0,0%	0,0%	0,0%

**Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>104 620</b>	<b>90 417</b>	<b>91 821</b>	<b>82 200</b>	<b>101 579</b>	<b>101 579</b>	<b>84 300</b>	<b>88 918</b>	<b>96 234</b>
Roads Infrastructure		11 070	1 625	2 665	6 600	4 600	4 600	6 600	6 917	7 249
Roads		-	-	-	-	-	-	-	-	-
Road Structures		11 070	1 168	1 996	5 000	3 000	3 000	5 000	5 240	5 492
Road Furniture		-	457	669	1 600	1 600	1 600	1 600	1 677	1 757
Electrical Infrastructure		22 000	26 410	38 881	26 000	33 950	33 950	31 200	32 698	34 267
Power Plants		22 000	25 914	38 881	26 000	32 950	32 950	30 000	31 440	32 949
LV Networks		-	496	-	-	1 000	1 000	1 200	1 258	1 318
Water Supply Infrastructure		44 550	54 283	37 618	35 800	51 174	51 174	31 200	32 698	37 267
Reservoirs		-	691	601	1 000	1 000	1 000	1 000	1 048	1 098
Water Treatment Works		44 550	35 656	25 171	21 800	40 424	40 424	23 600	24 733	25 920
Distribution		-	6 451	200	5 000	5 000	5 000	600	629	659
Distribution Points		-	11 485	11 646	8 000	4 750	4 750	6 000	6 288	9 590
Sanitation Infrastructure		27 000	7 694	12 405	10 000	10 055	10 055	13 000	13 672	14 376
Pump Station		27 000	7 694	12 405	10 000	10 055	10 055	13 000	13 672	14 376
Solid Waste Infrastructure		-	148	252	800	800	800	800	838	879
Landfill Sites		-	148	252	800	800	800	800	838	879
Information and Communication Infrastructure		-	257	-	3 000	1 000	1 000	1 500	2 096	2 197
Data Centres		-	257	-	3 000	1 000	1 000	1 500	2 096	2 197
<b>Community Assets</b>		<b>5 250</b>	<b>2 588</b>	<b>745</b>	<b>2 630</b>	<b>2 629</b>	<b>2 629</b>	<b>2 110</b>	<b>2 735</b>	<b>2 867</b>
Community Facilities		5 250	2 588	745	2 600	2 600	2 600	2 100	2 725	2 856
Cemeteries/Crematoria		5 250	1 252	451	800	800	800	800	838	879
Parks		-	689	137	1 000	1 000	1 000	1 000	1 048	1 098
Public Open Space		-	647	157	800	800	800	300	838	879
Sport and Recreation Facilities		-	-	-	30	29	29	10	10	11
Outdoor Facilities		-	-	-	30	29	29	10	10	11
<b>Other assets</b>		<b>10 886</b>	<b>26</b>	<b>-</b>	<b>70</b>	<b>68</b>	<b>68</b>	<b>70</b>	<b>73</b>	<b>77</b>
Operational Buildings		10 886	26	-	70	68	68	70	73	77
Municipal Offices		10 886	26	-	70	68	68	70	73	77
<b>Machinery and Equipment</b>		<b>-</b>	<b>492</b>	<b>699</b>	<b>1 810</b>	<b>1 810</b>	<b>1 810</b>	<b>2 665</b>	<b>2 793</b>	<b>2 927</b>
Machinery and Equipment		-	492	699	1 810	1 810	1 810	2 665	2 793	2 927
<b>Transport Assets</b>		<b>-</b>	<b>3 294</b>	<b>1 314</b>	<b>1 000</b>	<b>2 480</b>	<b>2 480</b>	<b>3 000</b>	<b>3 144</b>	<b>3 295</b>
Transport Assets		-	3 294	1 314	1 000	2 480	2 480	3 000	3 144	3 295
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>120 756</b>	<b>96 818</b>	<b>94 580</b>	<b>87 710</b>	<b>108 566</b>	<b>108 566</b>	<b>92 145</b>	<b>97 664</b>	<b>105 400</b>
<b>R&amp;M as a % of PPE</b>		2,1%	1,8%	1,8%	1,4%	1,7%	1,7%	1,7%	1,5%	1,5%
<b>R&amp;M as % Operating Expenditure</b>		5,3%	4,5%	3,0%	3,6%	4,7%	4,7%	10,7%	4,0%	4,1%

Table 57 MBRR SA34d - Depreciation by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		–	82 518	73 907	77 000	87 000	87 000	–	–	–
Roads Infrastructure		–	82 518	73 907	77 000	87 000	87 000	–	–	–
Roads		–	82 518	73 907	77 000	87 000	87 000	–	–	–
<b>Community Assets</b>		–	898	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	898	–	–	–	–	–	–	–
Indoor Facilities		–	898	–	–	–	–	–	–	–
<b>Total Capital Expenditure on upgrading of existing assets</b>	<b>1</b>	<b>–</b>	<b>83 416</b>	<b>73 907</b>	<b>77 000</b>	<b>87 000</b>	<b>87 000</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Upgrading of Existing Assets as % of total capex</b>		0,0%	38,5%	35,1%	27,3%	27,8%	27,8%	0,0%	0,0%	0,0%
<b>Upgrading of Existing Assets as % of deprecn"</b>		0,0%	17,6%	15,6%	15,7%	17,8%	17,8%	0,0%	0,0%	0,0%

Table 58 MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		318 578	445 537	452 360	449 015	449 015	449 015	444 015	450 805	457 811
Roads Infrastructure		110 454	381 954	452 360	368 917	368 917	368 917	368 917	368 917	368 917
Roads		110 454	381 954	452 360	368 917	368 917	368 917	368 917	368 917	368 917
Storm water Infrastructure		–	906	–	953	953	953	953	953	953
Drainage Collection		–	906	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	953	953	953	953	953	953
Electrical Infrastructure		51 090	48 110	–	50 612	50 612	50 612	50 612	50 612	50 612
Power Plants		–	48 110	–	–	–	–	–	–	–
MV Networks		51 090	–	–	50 612	50 612	50 612	50 612	50 612	50 612
Water Supply Infrastructure		138 110	12 116	–	12 746	12 746	12 746	7 746	14 536	21 541
Dams and Weirs		–	12 116	–	–	–	–	–	–	–
Distribution		138 110	–	–	12 746	12 746	12 746	7 746	14 536	21 541
Sanitation Infrastructure		12 924	–	–	13 596	13 596	13 596	13 596	13 596	13 596
Waste Water Treatment Works		12 924	–	–	13 596	13 596	13 596	13 596	13 596	13 596
Solid Waste Infrastructure		6 000	2 083	–	2 192	2 192	2 192	2 192	2 192	2 192
Landfill Sites		6 000	2 083	–	2 192	2 192	2 192	2 192	2 192	2 192
Rail Infrastructure		–	368	–	–	–	–	–	–	–
Rail Lines		–	368	–	–	–	–	–	–	–
<b>Community Assets</b>		<b>52 788</b>	<b>11 405</b>	<b>11 446</b>	<b>32 221</b>	<b>32 221</b>	<b>32 221</b>	<b>32 221</b>	<b>32 221</b>	<b>32 221</b>
Community Facilities		13 223	11 405	11 446	25 909	25 909	25 909	25 909	25 909	25 909
Halls		–	11 405	–	11 998	11 998	11 998	11 998	11 998	11 998
Centres		–	–	11 446	–	–	–	–	–	–
Libraries		13 223	–	–	13 911	13 911	13 911	13 911	13 911	13 911
Sport and Recreation Facilities		39 565	–	–	6 312	6 312	6 312	6 312	6 312	6 312
Outdoor Facilities		39 565	–	–	6 312	6 312	6 312	6 312	6 312	6 312
<b>Other assets</b>		<b>87 202</b>	<b>3 373</b>	<b>–</b>	<b>3 549</b>	<b>3 549</b>	<b>3 549</b>	<b>3 549</b>	<b>3 549</b>	<b>3 549</b>
Operational Buildings		87 202	3 373	–	3 549	3 549	3 549	3 549	3 549	3 549
Municipal Offices		–	3 373	–	3 549	3 549	3 549	3 549	3 549	3 549
Capital Spares		87 202	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		<b>–</b>	<b>3 393</b>	<b>2 592</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Servitudes		–	3 393	2 592	–	–	–	–	–	–
<b>Computer Equipment</b>		<b>–</b>	<b>3 813</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment		–	3 813	–	–	–	–	–	–	–
<b>Furniture and Office Equipment</b>		<b>384</b>	<b>4 958</b>	<b>3 680</b>	<b>5 215</b>	<b>5 215</b>	<b>5 215</b>	<b>5 215</b>	<b>5 215</b>	<b>5 215</b>
Furniture and Office Equipment		384	4 958	3 680	5 215	5 215	5 215	5 215	5 215	5 215
<b>Machinery and Equipment</b>		<b>–</b>	<b>1 857</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and Equipment		–	1 857	–	–	–	–	–	–	–
<b>Transport Assets</b>		<b>–</b>	<b>–</b>	<b>4 086</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Transport Assets		–	–	4 086	–	–	–	–	–	–
<b>Total Depreciation</b>	<b>1</b>	<b>458 952</b>	<b>474 336</b>	<b>474 165</b>	<b>490 000</b>	<b>490 000</b>	<b>490 000</b>	<b>485 000</b>	<b>491 790</b>	<b>498 796</b>

**Table 59 MBRR SA35 - Future financial implications of the capital budget**

Vote Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value
<b>R thousand</b>								
<b><u>Capital expenditure</u></b>	1							
Vote 01 - Executive Council		-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		256 149	311 000	335 000	-	-	-	-
Vote 07 - Community Services		11 708	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		13 626	16 000	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Management		-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>281 482</b>	<b>327 000</b>	<b>335 000</b>	-	-	-	-
<b><u>Future operational costs by vote</u></b>	2							
Vote 01 - Executive Council								
Vote 02 - Municipal Manager								
Vote 03 - Chief Operating Officer								
Vote 04 - Corporate Support Services								
Vote 05 - Budget And Treasury Office								
Vote 06 - Infrastructure And Technical Services								
Vote 07 - Community Services								
Vote 08 - Human Settlement								
Vote 09 - Economic Dev, Tourism & Agriculture								
Vote 10 - Public Safety, Fleet And Facilities Management								
Vote 11 - Internal Audit								
Vote 12 - Risk Management								
Vote 13 - [Name Of Vote 13]								
Vote 14 - [Name Of Vote 14]								
Vote 15 - Other								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b><u>Future revenue by source</u></b>	3							
Property rates		369 015	387 460	406 901				
Service charges - electricity revenue		469 172	486 453	509 802				
Service charges - water revenue		168 860	176 966	185 460				
Service charges - sanitation revenue		55 070	57 713	60 483				
Service charges - refuse revenue		57 047	59 785	62 655				
Rental of facilities and equipment		1 034	1 084	1 136				
<i>Other Revenue</i>		4 067	4 262	4 467				
<b>Total future revenue</b>		<b>1 124 266</b>	<b>1 173 723</b>	<b>1 230 904</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>(842 784)</b>	<b>(846 723)</b>	<b>(895 904)</b>	-	-	-	-



Table 60 MBRR SA36 - Detailed capital budget per municipal vote

R thousand	Function	Project Description	Type	Asset Sub-Class	Ward Location			2020/21 Medium Term Revenue & Expenditure Framework		
						Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality: <i>List all capital projects grouped by Function</i>										
	Executive And Council	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	612	120	–	–	–
	Finance And Administration	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	17 659	271	–	–	–
	Internal Audit	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	66	–	–	–	–
	Community And Social Services	Capital:Non-Infrastructure:Existing:Renewal:Community Assets:Community Facilities:Libraries	RENEWAL	Libraries	R-WARD 17	–	–	11 708	–	–
	Community And Social Services	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	516	–	–	–	–
	Sport And Recreation	Capital:Non-Infrastructure:New:Machinery And Equipment	NEW	Machinery And Equipment	R-WHOLE OF MUNICIPALITY	172	–	–	–	–
	Sport And Recreation	Capital:Non-Infrastructure:New:Community Assets:Sport And Recreation Facilities:Outdoor Facilities	NEW	Outdoor Facilities	R-WARD 06	409	9 200	–	–	–
	Public Safety	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	18	34	–	–	–
	Public Safety	Capital:Non-Infrastructure:New:Transport Assets	NEW	Transport Assets	R-WHOLE OF MUNICIPALITY	2 923	–	–	16 000	–
	Housing	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	–	3	–	–	–
	Planning And Development	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	30	–	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 01	–	–	10 000	12 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 02	10 538	11 000	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 03	9 206	11 000	2 500	12 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 04	8 124	11 000	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 07	7 217	11 000	6 800	13 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 09	21 520	11 000	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 15	6 816	11 000	8 000	12 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 16	–	–	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 17	8 617	10 000	–	–	–
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 18	–	–	4 500	12 000	7 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 21	1 869	11 000	5 800	12 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 34	–	–	12 000	12 000	12 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure:Roads	UPGRADING	Roads	R-WARD 35	–	–	13 000	13 000	12 000
	Road Transport	L:Non-Infrastructure:Existing:Renewal:Community Assets:Community Facilities:Taxi Ranks/Bus Terminals	RENEWAL	Taxi Ranks/Bus Terminals	R-WARD 16	–	–	7 442	–	–
	Road Transport	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	675	–	–	–	–
	Road Transport	Capital:Non-Infrastructure:New:Machinery And Equipment	NEW	Machinery And Equipment	R-WHOLE OF MUNICIPALITY	684	–	–	–	–
	Energy Sources	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	180	10 000	–	–	–
	Energy Sources	Capital:Infrastructure:Existing:Renewal:Electrical Infrastructure:Lv Networks	RENEWAL	Lv Networks	R-WARD 14	–	16 006	7 697	40 000	45 000
	Energy Sources	Capital:Infrastructure:Existing:Renewal:Electrical Infrastructure:Lv Networks	RENEWAL	Lv Networks	R-WARD 15	795	2 697	–	–	–
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Boreholes	NEW	Boreholes	R-WHOLE OF MUNICIPALITY	5 537	–	2 000	15 000	15 000
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	Distribution	R-WARD 01	–	15 000	–	–	–
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	Distribution	R-WARD 03	16 830	40 000	–	–	–
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	Distribution	R-WARD 08	25 282	35 000	–	–	–
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	Distribution	R-WARD 10	39 961	45 000	50 400	35 000	55 000
	Water Management	Capital:Infrastructure:New:Water Supply Infrastructure:Distribution	NEW	Distribution	R-WARD 34	–	–	45 000	15 000	15 000
	Waste Water Management	Capital:Infrastructure:Existing:Upgrading:Sanitation Infrastructure:Outfall Sewers	UPGRADING	Outfall Sewers	R-WARD 24	–	–	60 810	40 000	50 000
	Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Waste Water Treatment Works	NEW	Waste Water Treatment Works	R-WARD 08	24 040	45 500	–	–	–
	Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Outfall Sewers	NEW	Outfall Sewers	R-WARD 14	–	–	2 000	11 000	11 000
	Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Outfall Sewers	NEW	Outfall Sewers	R-WARD 19	–	1 200	–	–	–
	Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Outfall Sewers	NEW	Outfall Sewers	R-WARD 20	–	–	2 000	10 000	12 000
	Waste Water Management	Capital:Infrastructure:New:Sanitation Infrastructure:Toilet Facilities	NEW	Toilet Facilities	R-WARD 01	–	6 310	1 000	12 000	15 000
	Waste Water Management	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	87	–	–	–	–
	Waste Management	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY	20	–	–	–	–
	Other	Capital:Non-Infrastructure:New:Furniture And Office Equipment	NEW	Markets	R-WHOLE OF MUNICIPALITY	–	–	27 144	13 559	15 408
Parent Capital expenditure						210 410	313 341	279 801	305 559	324 408

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

### 2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

### 3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

### 4. Audit Committee

An Audit Committee has been established and is fully functional.

### 5. Service Delivery and Implementation Plan

The detail SDBIP document is at a Final stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21MTREF.

### 6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### 7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal Centre and training is ongoing.

### 8. Policies

All financial related policies are reviewed on an annual bases or whenever the need arises and submitted with the budget for adoption by council.

### 9. Risk Management

A Risk Committee has been established and is functional

## 2.14 Other supporting documents

**Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		269 185	309 226	339 839	383 438	375 847	375 847	345 728	396 933	416 718	437 562
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		–	51 248	89 145	113 438	25 901	25 901	25 974	27 918	29 258	30 662
Net Property Rates		269 185	257 978	250 694	270 000	349 946	349 946	319 754	369 015	387 460	406 901
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		457 447	435 622	403 687	475 000	475 000	475 000	413 501	469 187	486 468	509 819
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		9 658	9 316	14 380	–	–	–		15	16	16
Net Service charges - electricity revenue		447 788	426 306	389 307	475 000	475 000	475 000	413 501	469 172	486 453	509 802
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		148 907	120 125	168 040	164 101	164 101	164 101	149 593	170 361	178 539	187 108
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		600	600	5 005	2 501	2 501	2 501		1 501	1 573	1 649
Net Service charges - water revenue		148 307	119 525	163 035	161 600	161 600	161 600	149 593	168 860	176 966	185 460
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		41 744	43 418	48 201	53 075	53 075	53 075	48 832	55 770	58 447	61 252
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		20	20	1 600	800	800	800		700	734	769
Net Service charges - sanitation revenue		41 724	43 398	46 601	52 275	52 275	52 275	48 832	55 070	57 713	60 483
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		34 069	51 669	47 469	54 800	54 800	54 800	51 507	58 847	61 672	64 632
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		500	500	1 800	1 800	1 800	1 800		1 800	1 886	1 977
Net Service charges - refuse revenue		33 569	51 169	45 669	53 000	53 000	53 000	51 507	57 047	59 785	62 655
<b>Other Revenue by source</b>											
Fuel Levy											
Other Revenue		76 715	3 094	3 806	3 579	3 579	3 579	2 753	3 754	3 934	4 123
Total 'Other' Revenue	1	76 715	3 094	3 806	3 579	3 579	3 579	2 753	3 754	3 934	4 123

**Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	392 302	239 978	276 638	289 983	289 983	289 983	321 782	328 468	344 234	360 757
Pension and UIF Contributions		-	49 551	59 770	60 151	60 151	60 151	69 368	73 712	77 250	80 958
Medical Aid Contributions		-	26 788	30 910	29 842	29 842	29 842	37 946	40 459	42 401	44 436
Overtime		-	38 829	38 594	17 793	17 793	17 793	43 459	20 837	21 837	22 885
Performance Bonus		-	17 585	22 593	24 081	24 081	24 081	25 463	30 742	32 218	33 765
Motor Vehicle Allowance		-	25 011	25 932	27 137	27 137	27 137	29 638	31 330	32 834	34 410
Cellphone Allowance		-	275	343	389	389	389	329	410	430	450
Housing Allowances		-	2 091	2 325	2 411	2 411	2 411	2 675	2 848	2 985	3 128
Other benefits and allowances		-	7 630	7 876	5 015	5 115	5 115	10 663	11 196	11 733	12 296
Payments in lieu of leave		-	10 532	20 825	13 197	13 117	13 117	13 332	18 800	19 703	20 648
Long service awards		-	758	5 105	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	(4 672)	25 584	-	-	-	-	-	-	-
sub-total	5	392 302	414 356	516 496	470 000	470 020	470 020	554 654	558 803	585 624	613 734
<u>Less: Employees costs capitalised to PPE</u>		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	392 302	414 356	516 496	470 000	470 020	470 020	554 654	558 803	585 624	613 734
<u>Depreciation &amp; asset impairment</u>											
Depreciation of Property, Plant & Equipment		458 952	470 943	471 573	-	-	-	-	-	-	-
Lease amortisation		-	3 393	2 592	490 000	490 000	490 000	-	485 000	491 790	498 796
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	458 952	474 336	474 165	490 000	490 000	490 000	-	485 000	491 790	498 796
<u>Bulk purchases</u>											
Electricity Bulk Purchases		353 346	397 501	582 161	450 000	440 000	440 000	284 290	480 000	500 000	510 186
Water Bulk Purchases		99 530	102 190	232 037	110 000	93 150	93 150	74 994	120 000	125 760	131 796
Total bulk purchases	1	452 876	499 692	814 198	560 000	533 150	533 150	359 284	600 000	625 760	641 982
<u>Transfers and grants</u>											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		20 819	4 009	4 051	4 500	4 090	4 090	4 087	4 700	4 900	5 000
Total transfers and grants	1	20 819	4 009	4 051	4 500	4 090	4 090	4 087	4 700	4 900	5 000
<u>Contracted services</u>											
Outsourced Services		15 236	31 321	23 042	42 520	31 137	31 137	17 299	36 245	38 461	40 259
Consultants and Professional Services		174 960	161 885	153 307	120 950	166 975	166 975	117 502	115 950	127 044	134 430
Contractors		69 113	97 077	75 013	71 605	48 725	48 725	37 011	75 639	84 949	90 224
Total contracted services		259 308	290 283	251 361	235 075	246 837	246 837	171 812	227 834	250 453	264 913
<u>Other Expenditure By Type</u>											
Collection costs		-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Audit fees		-	-	-	-	-	-	-	4 000	4 240	5 492
Other Expenditure		135 372	195 241	97 353	189 101	176 978	176 978	134 396	191 409	209 448	218 043
Total 'Other' Expenditure	1	135 372	195 241	97 353	189 101	176 978	176 978	134 396	195 409	213 688	223 534
by Expenditure Item											
Employee related costs	8	-	-	-	330	309	309	5	310	325	340
Other materials		-	-	-	84 380	107 257	107 257	76 698	90 335	95 243	102 863
Contracted Services		120 756	96 561	94 580	3 000	1 000	1 000	-	1 500	2 096	2 197
Other Expenditure		-	257	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	120 756	96 818	94 580	87 710	108 566	108 566	76 703	92 145	97 664	105 400

Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 01 - Executive Council	Vote 02 - Municipal Manager	Vote 03 - Chief Operating Officer	Vote 04 - Corporate Support Services	Vote 05 - Budget And Treasury Office	Vote 06 - Infrastructure And Technical Services	Vote 07 - Community Services	Vote 08 - Human Settlement	Vote 09 - Economic Dev, Tourism & Agriculture	Vote 10 - Public Safety, Fleet And Facilities Management	Vote 11 - Internal Audit	Vote 12 - Risk Management	Vote 13 - [Name Of Vote 13]	Vote 14 - [Name Of Vote 14]	Vote 15 - Other	Total
<b>R thousand</b>	<b>1</b>																
<b>Revenue By Source</b>																	
Property rates		-	-	-	-	369 015	-	-	-	-	-	-	-	-	-	-	369 015
Service charges - electricity revenue		-	-	-	-	1 689	467 484	-	-	-	-	-	-	-	-	-	469 172
Service charges - water revenue		-	-	-	-	-	168 860	-	-	-	-	-	-	-	-	-	168 860
Service charges - sanitation revenue		-	-	-	-	-	55 070	-	-	-	-	-	-	-	-	-	55 070
Service charges - refuse revenue		-	-	-	-	-	-	57 047	-	-	-	-	-	-	-	-	57 047
Rental of facilities and equipment		-	-	-	-	-	-	34	1 000	-	-	-	-	-	-	-	1 034
Interest earned - external investments		-	-	-	-	4 067	-	-	-	-	-	-	-	-	-	-	4 067
Interest earned - outstanding debtors		-	-	-	-	46 886	71 780	12 791	-	-	-	-	-	-	-	-	131 457
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	0	-	-	500	-	-	-	-	-	500
Licences and permits		-	-	-	-	-	-	-	-	198	1 001	-	-	-	-	-	1 199
Agency services		-	-	-	-	-	-	-	-	-	12 000	-	-	-	-	-	12 000
Other revenue		-	-	-	-	1 167	-	996	1 481	-	110	-	-	-	-	-	3 754
Transfers and subsidies		-	-	-	-	773 367	13 519	-	-	1 150	-	-	-	-	-	-	788 036
Gains		-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	0
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	<b>1 196 190</b>	<b>776 713</b>	<b>70 868</b>	<b>2 481</b>	<b>1 348</b>	<b>13 611</b>	-	-	-	-	-	<b>2 061 212</b>
<b>Expenditure By Type</b>																	
Employee related costs		24 469	3 010	24 671	23 621	60 596	130 006	132 915	27 776	13 742	99 410	9 571	9 014	-	-	-	558 803
Remuneration of councillors		31 633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31 633
Debt impairment		-	-	-	-	200 000	-	-	-	-	-	-	-	-	-	-	200 000
Depreciation & asset impairment		90	-	40	460	451 198	26 451	3 331	-	515	2 915	-	-	-	-	-	485 000
Finance charges		-	-	-	-	135 500	-	-	-	-	-	-	-	-	-	-	135 500
Bulk purchases		-	-	-	-	-	600 000	-	-	-	-	-	-	-	-	-	600 000
Other materials		665	60	70	435	580	8 525	1 490	66	100	11 575	20	10	-	-	-	23 596
Contracted services		1 360	1 500	600	14 960	34 475	105 919	33 440	2 800	70	31 210	1 500	-	-	-	-	227 834
Transfers and subsidies		-	-	-	-	4 700	-	-	-	-	-	-	-	-	-	-	4 700
Other expenditure		9 165	150	2 025	35 655	32 061	3 616	4 468	169	1 065	106 800	125	110	-	-	-	195 409
Losses		-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	0
<b>Total Expenditure</b>		<b>67 382</b>	<b>4 720</b>	<b>27 406</b>	<b>79 832</b>	<b>914 410</b>	<b>874 516</b>	<b>175 644</b>	<b>30 811</b>	<b>15 492</b>	<b>251 910</b>	<b>11 216</b>	<b>9 134</b>	-	-	-	<b>2 462 474</b>
<b>Surplus/(Deficit)</b>		<b>(67 382)</b>	<b>(4 720)</b>	<b>(27 406)</b>	<b>(79 832)</b>	<b>281 780</b>	<b>(97 803)</b>	<b>(104 775)</b>	<b>(28 330)</b>	<b>(14 144)</b>	<b>(238 299)</b>	<b>(11 216)</b>	<b>(9 134)</b>	-	-	-	<b>(401 263)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	281 482	-	-	-	-	-	-	-	-	-	281 482
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(67 382)</b>	<b>(4 720)</b>	<b>(27 406)</b>	<b>(79 832)</b>	<b>281 780</b>	<b>183 679</b>	<b>(104 775)</b>	<b>(28 330)</b>	<b>(14 144)</b>	<b>(238 299)</b>	<b>(11 216)</b>	<b>(9 134)</b>	-	-	-	<b>(119 780)</b>

Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
<u>Consumer debtors</u>											
Consumer debtors		337 257	1 679 410	2 134 999	819 511	819 511	819 511	2 426 226	2 436 000	2 670 600	2 915 261
Less: Provision for debt impairment		–	(1 042 992)	(1 843 324)	–	–	–	(1 673 198)	(1 540 000)	(1 849 600)	(2 139 261)
Total Consumer debtors	2	337 257	636 418	291 675	819 511	819 511	819 511	753 028	896 000	821 000	776 000
<u>Debt impairment provision</u>											
Balance at the beginning of the year		–	(1 224 432)	(907 711)	–	–	–	(1 673 173)	–	–	–
Contributions to the provision		–	316 721	(765 462)	–	–	–	15	–	–	–
Bad debts written off		–	(135 281)	(170 151)	–	–	–	(40)	–	–	–
Balance at end of year		–	(1 042 992)	(1 843 324)	–	–	–	(1 673 198)	–	–	–
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		5 778 180	9 407 481	9 686 095	6 224 950	6 203 499	6 203 499	9 816 272	6 542 339	6 630 650	6 835 000
Leases recognised as PPE		–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	3	–	3 888 151	4 358 871	–	–	–	4 358 871	–	–	–
Total Property, plant and equipment (PPE)	2	5 778 180	5 519 330	5 327 224	6 224 950	6 203 499	6 203 499	5 457 401	6 542 339	6 630 650	6 835 000
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		4 470	2 013	2 013	–	–	–	2 013	2 013	2 013	2 013
Total Current liabilities - Borrowing		4 470	2 013	2 013	–	–	–	2 013	2 013	2 013	2 013
<u>Trade and other payables</u>											
Trade Payables	5	631 434	557 608	1 088 234	470 655	400 655	400 655	903 528	382 742	394 829	400 000
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		327	987	16 903	–	–	–	57 014	–	–	–
VAT		–	850 621	1 062 346	–	–	–	1 163 007	–	–	–
Total Trade and other payables	2	631 760	1 409 216	2 167 482	470 655	400 655	400 655	2 123 548	382 742	394 829	400 000
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	986 965	1 115 456	–	1 171 342	1 171 342	1 171 342	–	1 234 924	1 299 244	1 429 370
Finance leases (including PPP asset element)		–	(2 013)	(2 013)	–	–	–	(2 013)	–	–	–
Total Non current liabilities - Borrowing		986 965	1 113 443	(2 013)	1 171 342	1 171 342	1 171 342	(2 013)	1 234 924	1 299 244	1 429 370
<u>Provisions - non-current</u>											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		–	29 486	16 790	208 000	208 000	208 000	16 790	200 800	200 800	200 800
Other		205 126	20 905	26 010	–	–	–	26 010	–	–	–
Total Provisions - non-current		205 126	50 391	42 800	208 000	208 000	208 000	42 800	200 800	200 800	200 800
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		5 136 071	4 935 052	4 583 924	5 569 278	5 490 924	5 530 924	4 404 796	5 807 246	5 706 972	5 707 561
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		5 136 071	4 935 052	4 583 924	5 569 278	5 490 924	5 530 924	4 404 796	5 807 246	5 706 972	5 707 561
Surplus/(Deficit)		(362 370)	(316 507)	(1 318 530)	(312 886)	(175 897)	(175 897)	342 769	(119 780)	(52 518)	21 213
Transfers to/from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	(151 943)	1 157 204	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773
<u>Reserves</u>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	4 773 701	4 466 603	4 422 597	5 256 392	5 315 026	5 355 026	4 747 566	5 687 465	5 654 454	5 728 773

**Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		STATSSA	348	359	477	493	493	508	524	527	529	532
Females aged 5 - 14		STATSSA	15	15	20	21	21	21	22	22	22	23
Males aged 5 - 14		STATSSA	15	16	21	21	21	22	23	23	23	23
Females aged 15 - 34		STATSSA	15	16	21	22	22	22	23	23	23	23
Males aged 15 - 34		STATSSA	19	19	26	27	27	28	28	29	29	29
Unemployment		STATSSA	146	150	145	150	150	154	159	160	161	162
<b>Monthly household income (no. of households)</b>	1, 12											
No income		STATSSA	56 308	58 093	77 336	82 317	84 926	86 624	88 184	88 625	89 068	89 513
R1 - R1 600		STATSSA	11 818	12 192	16 231	17 276	17 824	18 180	18 508	18 600	18 693	18 787
R1 601 - R3 200		STATSSA	19 117	19 723	26 256	27 947	28 833	29 410	29 939	30 089	30 239	30 390
R3 201 - R6 400		STATSSA	60 479	62 396	83 064	88 414	91 217	93 041	94 716	95 189	95 665	96 144
R6 401 - R12 800		STATSSA	69 516	71 719	95 476	101 625	104 847	106 944	108 869	109 413	109 960	110 510
R12 801 - R25 600		STATSSA	67 083	69 209	92 135	98 068	101 177	103 201	105 058	105 584	106 112	106 642
R25 601 - R51 200		STATSSA	32 672	33 708	44 874	47 764	49 278	50 264	51 168	51 424	51 681	51 940
R52 201 - R102 400		STATSSA	16 684	17 213	22 914	24 390	25 163	25 667	26 129	26 259	26 390	26 522
R102 401 - R204 800		STATSSA	9 037	9 324	12 412	13 211	13 630	13 903	14 153	14 224	14 295	14 366
R204 801 - R409 600		STATSSA	3 128	3 227	4 296	4 573	4 718	4 812	4 899	4 924	4 948	4 973
R409 601 - R819 200		STATSSA	1 043	1 076	1 432	1 524	1 573	1 604	1 633	1 641	1 649	1 658
> R819 200		STATSSA	695	717	955	1 016	1 048	1 069	1 089	1 094	1 100	1 105
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area		STATSSA	347 578	358 596	477 381	493	493	493	508	524	527	529
Number of poor people in municipal area												
Number of households in municipal area		STATSSA	95 524	100 300	160 724	166	166	166	171	176	177	178
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>	3											
Formal												
Informal												
<b>Total number of households</b>			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)						5,4%	6,4%	5,3%	4,9%	4,5%	4,6%	4,6%
Interest rate - borrowing						N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest rate - investment												
Remuneration increases						7,0%	6,4%	6,2%	7,0%	6,0%	6,7%	7,1%
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges										70,0%	75,0%	85,0%
Rental of facilities & equipment										100,0%	100,0%	100,0%
Interest - external investments										100,0%	100,0%	100,0%
Interest - debtors										100,0%	100,0%	100,0%
Revenue from agency services										100,0%	100,0%	100,0%

**Table 65 MBRR Table SA37 Projects delayed from previous financial year/s**

R thousand	Function	Project name	Asset Class	Ward Location	GPS Longitude	Previous target year to complete	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework							
							Original Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23					
Parent municipality:																
List all capital projects grouped by Function																
List all capital projects grouped by Entity																
Entity Name																
Project name																

Table 66 MBRR Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Asset Sub-Class	Prior year outcomes		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2018/19	2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality: <i>List all operational projects grouped by Function</i>								
Executive And Council		O_Municipal Running Cost		73 156	78 171	82 085	87 602	91 807
Executive And Council		O_Tws_A/H&C_Support And Distribution Programmes_Aids/Hiv		85	100	100	105	110
Executive And Council		O_Tws_Cd_Gender Development		466	350	500	524	549
Executive And Council		O_Tws_Cd_Youth Projects_Youth Development		171	400	600	629	659
Executive And Council		Operational:Typical Work Streams:Capacity Building Training And Development:Capacity Building Council		134	95	300	629	659
Executive And Council		Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign		20	50	50	52	55
Executive And Council		Operational:Typical Work Streams:Communication And Public Participation:Mayoral/Executive Mayor Camp		835	800	750	1 205	1 263
Executive And Council		Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting		1 358	1 300	1 400	2 201	2 306
Executive And Council		Operational:Typical Work Streams:Community Development:Disability		211	300	300	314	329
Executive And Council		Operational:Typical Work Streams:Indigent And Cultural Management And Services		–	50	50	52	55
Executive And Council		Operational:Typical Work Streams:Ward Committees:Meetings		6 667	3 300	4 700	5 240	5 492
Executive And Council		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	32	–	20	21	22
Finance And Administration		O_Municipal Running Cost		1 241 949	1 179 812	1 128 306	1 177 084	1 209 515
Finance And Administration		O_Municipal Running Cost		59 002	48 486	33 963	34 689	35 498
Finance And Administration		O_Tws_Capacity Build Train & Dev_Workshops; Seminars & Subject Matter Train		1 871	800	700	943	988
Finance And Administration		Operational:Typical Work Streams:Capacity Building Training And Development:Capacity Building Unempl		–	–	2 600	2 800	3 100
Finance And Administration		Operational:Typical Work Streams:Human Resources:Employee Assistance Programme		132	200	200	210	220
Finance And Administration		Operational:Typical Work Streams:Indigent And Cultural Management And Services		374	–	2 500	2 240	2 492
Finance And Administration		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Information And Commu	Data Centres	–	1 000	1 500	2 096	2 197
Finance And Administration		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	59	10	35	37	38
Finance And Administration		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	–	–	10	10	11
Finance And Administration		O_Mai_Ninf_Pm_Cb_Transport Assets	Transport Assets	1 314	2 480	2 500	3 144	3 295
Internal Audit		O_Municipal Running Cost		7 757	9 650	11 216	11 791	12 357
Community And Social Services		O_Municipal Running Cost		6 114	4 738	9 664	10 128	10 614
Community And Social Services		O_Municipal Running Cost		16 783	24 511	20 638	20 864	21 812
Community And Social Services		Operational:Typical Work Streams:Music; Arts And Culture:Productions And Shows		96	100	100	105	110
Community And Social Services		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Community Assets:Communi	Cemeteries/Crematoria	451	850	800	838	879
Community And Social Services		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	–	–	30	31	33
Community And Social Services		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	121	460	510	534	560
Community And Social Services		Operational:Non-Infrastructure:Existing:Upgrading:Other Assets:Operational Buildings:Municipal Offices	Municipal Offices	2 530	3 300	4 000	4 192	4 393
Sport And Recreation		O_Municipal Running Cost		24 026	20 674	37 619	39 425	41 317
Sport And Recreation		O_Tws_Sport Development_Marathons; Sport And Recreation		14	–	30	55	58
Sport And Recreation		Operational:Typical Work Streams:Environmental:Nursery		54	600	600	629	659
Sport And Recreation		Operational:Typical Work Streams:Sport Development:Sport Development And Sponsorships (Internal)		59	100	200	210	220
Sport And Recreation		Assets:Community Facilities:Public Open Space Land	Public Open Space	157	800	800	838	879
Sport And Recreation		And Recreation Facilities:Outdoor Facilities:External Facilities	Outdoor Facilities	–	9	10	10	11
Public Safety		O_Municipal Running Cost		31 305	31 064	32 681	34 271	35 916
Public Safety		O_Municipal Running Cost		46 347	44 882	38 070	39 897	41 812
Public Safety		O_Tws_Occupational Health And Safety		114	160	110	115	121
Public Safety		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	4	–	30	31	33
Public Safety		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	38	50	50	52	55
Housing		O_Municipal Running Cost		4 156	4 623	5 363	5 641	5 912
Housing		Operational:Non-Infrastructure:Existing:Upgrading:Other Assets:Operational Buildings:Municipal Offices	Municipal Offices	294	280	300	314	329
Health		O_Municipal Running Cost		407	393	425	445	467
Health		O_Municipal Running Cost		6 202	6 865	7 136	7 479	7 838
Planning And Development		O_Municipal Running Cost		38 870	48 747	56 970	59 171	63 206
Planning And Development		O_Municipal Running Cost		15 100	4 027	4 135	4 353	4 562
Planning And Development		Operational:Typical Work Streams:Community Development:Social Development Programme (Welfare)		–	120	300	314	329
Planning And Development		Operational:Typical Work Streams:Emergency And Disaster Management:Disaster Relief		–	50	50	52	55
Planning And Development		Operational:Typical Work Streams:Local Economic Development:Project Implementation		231	50	400	419	439
Planning And Development		Operational:Typical Work Streams:Local Economic Development:Public Participation		(7)	–	250	262	275
Planning And Development		Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision		(4)	200	200	210	220
Planning And Development		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Interval Based:Other Assets:Oper	Municipal Offices	–	42	70	73	77
Road Transport		O_Municipal Running Cost		–	53	53	55	58
Road Transport		O_Municipal Running Cost		493 502	49 205	57 546	60 853	63 774
Road Transport		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Interval Based:Community Assets:Communi	Parks	137	1 000	1 000	1 048	1 098
Road Transport		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	379	250	1 100	1 153	1 208
Road Transport		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Road Fu	Road Furniture	421	1 100	1 100	1 153	1 208
Road Transport		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Roads Infrastructure	Road Furniture	248	500	500	524	549
Road Transport		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Roads Infrastructure	Road Structures	1 996	2 100	5 000	5 240	5 492
Road Transport		Operational:Infrastructure Projects:Existing:Renewal:Roads Infrastructure:Roads	Roads	4 424	3 930	5 030	5 271	5 524
Road Transport		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Sanitation Infrastru	Pump Station	654	1 500	2 000	2 096	2 197
Road Transport		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Water Supply Infrastr	Water Treatment Works	286	800	600	629	659
Environmental Protection		O_Municipal Running Cost		713	707	779	817	856
Energy Sources		O_Municipal Running Cost		3 252	3 908	5 356	5 613	5 883
Energy Sources		O_Municipal Running Cost		603 891	461 554	504 528	526 230	537 675
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:Lv	Lv Networks	–	1 000	1 200	1 258	1 318
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Electrical Infrastru	Power Plants	38 881	40 850	30 000	31 440	32 949
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:Power	Power Plants	–	–	–	–	3 000
Energy Sources		Plants:Electrical Equipment		–	–	–	–	–
Water Management		O_Municipal Running Cost		303 382	167 464	189 470	203 377	213 235
Water Management		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	39	360	370	388	406
Water Management		Operational:Non-Infrastructure:Existing:Upgrading:Machinery And Equipment	Machinery And Equipment	–	100	50	52	55
Water Management		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Water Supply Infrastr	Distribution	200	4 800	600	629	659
Water Management		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:	Distribution Points	11 646	4 750	6 000	6 288	6 590
Water Management		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:	Reservoirs	601	1 000	1 000	1 048	1 098
Water Management		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Water Supply Infrastr	Water Treatment Works	24 885	15 800	23 000	24 104	25 261
Waste Water Management		O_Municipal Running Cost		27 448	26 299	35 288	37 041	38 819
Waste Water Management		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	–	–	10	10	11
Waste Water Management		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Pu	Pump Station	11 751	25 755	11 000	11 576	12 180
Waste Water Management		Operational:Maintenance:Infrastructure:Preventative Maintenance:Condition Based:Solid Waste Dispos	Landfill Sites	252	800	800	838	879
Waste Management		O_Municipal Running Cost		1 961	2 307	2 107	2 208	2 314
Waste Management		O_Municipal Running Cost		48 913	51 324	77 361	81 703	85 625
Waste Management		Operational:Maintenance:Non-Infrastructure:Preventative Maintenance:Condition Based:Machinery And Equipment	Machinery And Equipment	28	500	500	524	549
Other		O_Municipal Running Cost		2 269	2 675	3 198	3 388	3 551
Parent Operational expenditure				3 171 212	2 397 440	2 462 474	2 581 135	2 670 688



**Table 69 MBRR Table SA33 Contracts having future budgetary implications**

Description	Ref	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality: Revenue Obligation By Contract	2													-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities: Revenue Obligation By Contract	2													-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

**Table 70 MBRR Table SA32 List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand

## 2.15 Municipal manager's quality certificate

I ....., municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Madibeng Local Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_